Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1991

VIRTUE
LIBERTY AND
INDEPENDENCE

Commonwealth of Pennsylvania

Robert P. Casey
Governor

While the state seal is the symbol used by the Commonwealth to authenticate official documents, the coat of arms on the cover of this document is the more familiar symbol of the Commonwealth of Pennsylvania, appearing on the state flag and on countless documents, letterheads and publications.

The Pennsylvania coat of arms consists of a shield, bordered in the gold of faith and constancy, supported by speed and strength personified by two rampant steeds of sable color further denoting prudence and fidelity, and crowned with an eagle — symbolizing sovereignity; underneath, the cornstalk of plenty and the olive branch of peace are bound together in love and comity. Upon the shield, a ship of black and white — wisdom and anticipation — sails upon a changeless sea of blue, teeming with justice and loyalty; a ruddy plough stands for generosity and devotion upon an eternal golden base of honor and integrity; while the three sheaves of wheat, in gold of constancy and abundance, never desert their emerald environment of gentleness and courtesy; — the whole completed by a scroll bearing the motto of the Commonwealth — Virtue, Liberty and Independence.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1991

VIRTUE LIBERTY AND INDEPENDENCE

Commonwealth of Pennsylvania
Robert P. Casey, Governor

Prepared By: Office of the Budget
Michael H. Hershock, Secretary
Comptroller Operations
Harvey C. Eckert, Deputy Secretary

Commonwealth of Pennsylvania
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1991

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Title Page i
Table of Contents ii
Budget Secretary's Letter of Transmittal v
Deputy Secretary's Letter of Transmittal viii
Certificate of Achievement xix
Organization and Officials Chart xx
Facts Sheet — The Bill of Rights xxi

FINANCIAL SECTION

Independent Auditors' Report 2
General Purpose Financial Statements:
- Combined Balance Sheet—All Fund Types and Account Groups 6
- Combined Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Fund Types and Expendable Trust Funds 8
- Combined Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances—Budget and Actual (Budgetary Basis)—General and Budgeted Special Revenue Funds 9
- Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances—All Proprietary Fund Types and Pension Trust Funds 10
- Combined Statement of Cash Flows—All Proprietary Fund Types 11
- Combined Statement of Changes in Fund Balances—College and University Funds 12
- Combined Statement of Current Funds Revenues, Expenditures and Changes in Fund Balances—College and University Funds 13
- Notes to Financial Statements 14

Combining Financial Statements and Schedules:

Special Revenue Funds
- Special Revenue Funds—Descriptions 57
- Combining Balance Sheet—Special Revenue Funds 58
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Special Revenue Funds 59
- Combining Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances—Budget and Actual (Budgetary Basis)—Budgeted Special Revenue Funds 60

Debt Service Funds
- Debt Service Funds—Descriptions 65
- Combining Balance Sheet—Debt Service Funds 66
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Debt Service Funds 67

Capital Projects Funds
- Capital Projects Funds—Descriptions 71
- Combining Balance Sheet—Capital Projects Funds 72
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Capital Projects Funds 73

Page

Enterprise Funds

Enterprise Funds—Descriptions 77
Combining Balance Sheet—Enterprise Funds 78
Combining Statement of Revenues, Expenses and Changes in Retained Earnings—Enterprise Funds 79
Combining Statement of Cash Flows—Enterprise Funds 80

Internal Service Funds

Internal Service Funds—Descriptions 85
Combining Balance Sheet—Internal Service Funds 86
Combining Statement of Revenues, Expenses and Changes in Retained Earnings—Internal Service Funds 87
Combining Statement of Cash Flows—Internal Service Funds 88

Trust and Agency Funds

Trust and Agency Funds—Descriptions 91
Combining Balance Sheet—Trust and Agency Funds 93
Combining Balance Sheet—Expendable Trust Funds 94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Expendable Trust Funds 95
Combining Balance Sheet—Pension Trust Funds 96
Combining Statement of Revenues, Expenses and Changes in Fund Balances—Pension Trust Funds 97
Combining Statement of Changes in Assets and Liabilities—Agency Funds 98

General Fixed Assets Account Group

General Fixed Assets Account Group—Description 103
Schedule of Changes in General Fixed Assets by Source 103
Schedule of General Fixed Assets by Function 104
Schedule of Changes in General Fixed Assets by Function 104

College and University Funds

College and University Funds—Description 107
Combining Balance Sheet—College and University Funds 108

STATISTICAL SECTION

	Table	Page
Revenues by Source and Expenditures by Function—All Governmental Fund Types	1	111
Net Bonded Debt Per Capita	2	112
Ratio of Annual Debt Service Requirements for General Bonded Debt to Total General Fund Expenditures	3	113
Computation of Legal Debt Margin	4	114
Schedule of Revenue Bond Coverage	5	115
Annual Estimates of the Resident Population—Pennsylvania Compared to the United States	6	116
State Banking Institutions Demand Deposits and Time and Savings Deposits	7	117
Resident Employment, Unemployment and Unemployment Rate—Pennsylvania Compared to the United States	8	118
Total Personal Income and Per Capita Personal Income—Pennsylvania Compared to the United States	9	119
Thirty Largest Nongovernmental Employers	10	120
List of Major Corporations that Maintain their Corporate Headquarters in the Commonwealth	11	121
Miscellaneous Statistics	12	122

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COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

December 13, 1991

MICHAEL H HERSHOCK
SECRETARY
OFFICE OF THE BUDGET

To the Governor, the Honorable Members of the General Assembly and the Citizens of the Commonwealth of Pennsylvania:

This Comprehensive Annual Financial Report (CAFR) of the Commonwealth of Pennsylvania represents this Administration's continued commitment to sound fiscal management and to responsible financial reporting based on nationally recognized standards. This CAFR, which includes the Commonwealth's independently audited general purpose financial statements as of and for the fiscal year ended June 30, 1991, will provide you and the financial community with all the information required to fully assess the Commonwealth's financial position, results of operations and the management of its financial resources.

Financial results for the fiscal year ended June 30, 1991 were shaped by the national economic recession that began during the summer of 1990. The economic slowdown brought job losses, reduced consumer spending and lower corporate profits which in turn generated General Fund tax revenues of $10,989.2 million through June 30, 1991 on a budgetary basis, $59.0 million, or .5 percent, below collections from the prior fiscal year. Sales and use tax receipts declined from the prior year for the first time in almost 20 years. Collections of sales and use tax for the fiscal year ended June 30, 1991, decreased .9 percent to $4,200.3 million. Personal income tax collections were also affected by the recession, but not to the extent of other major tax revenues. Personal income tax collections totaled $3,375.6 million, an increase of 2.0 percent over prior year.

A number of actions were taken during the fiscal year to help offset lower than anticipated revenue. Some of these actions resulted in substantial non-tax revenue receipts that will not recur in subsequent fiscal years. The largest of these non-tax revenues was a $214 million transfer of excess funds from the Pennsylvania Industrial Development Authority (PIDA). These funds became available for transfer to the General Fund following the issuance of PIDA bonds to capitalize its loan portfolio. Other nonrecurring revenues during the fiscal year included $133.8 million transferred from the Tax Stabilization Reserve Fund, $125.0 million transferred from the State Workmen's Insurance Fund (SWIF) and $53.2 million transfered from reserves held by the SWIF for future state employe workmen's compensation claim payments. Those future claims are to be paid from current revenues as they come due.

One of the Commonwealth's major initiatives during 1991 was to begin the most extensive prison construction program in its history — an undertaking that will add over 10,000 new beds between 1990 and 1994. During 1990-91 the Cambridge Springs institution was acquired, 635 new cells were added to existing institutions, an improved facility for training employes was opened, and guidelines were developed for providing $200 million in grants to counties for local prison improvements. Plans were also made for the construction of six new 1,000-cell correctional institutions, a 650-bed facility for drug and alcohol treatment, the opening of a motivational boot camp in 1991-92, and the installation of over 1,800 beds through modular construction by January 1992.

Our long-term commitment to the economic future of the Commonwealth was continued by providing $10 million to the Industrial Communities Program to restore blighted industrial sites to productive use and by transferring $5.6 million from the General Fund to the Pennsylvania Economic Revitalization Fund (PERF).

Within PERF-funded programs, we provided $14 million for the Business Infrastructure Development Program which makes grants and loans to local sponsors for specific infrastructure improvements that complement private industrial development. We also continued an important effort initiated in prior years by providing $5 million for the Industrial Resource Centers Program which recruits and creates research facilities for jobs and for direct investment by private companies who will benefit from association with such a facility.

We also appropriated $39.5 million from the Sunny Day Fund to help private industries expand and attract new businesses to Pennsylvania. We appropriated $37 million from the General Fund and PERF for the Housing and Redevelopment Program which provides grants to improve blighted neighborhoods through redevelopment and to improve low and moderate-income housing through rehabilitation. We continued a major change initiated in the 1987-88 fiscal year in the way State government assists the job creation process by establishing partnerships among businesses, working men and women, government officials, and educators to help create more jobs.

Education continues to be the cornerstone of Pennsylvania's future. We have continued our commitment to the future by providing total funding of $2.7 billion to our public schools through the Equalized Subsidy for Basic Education. The total funding for basic education was $4.5 billion, including funding for special education, pupil transportation, teacher retirement and social security, and special programs to address the needs of economically and educationally at-risk students. In addition, we provided over $1.2 billion for higher educational institutions and students.

During the 1990-91 fiscal year, several major pieces of legislation were enacted to create and expand several programs:

— Act 1990-71 authorized lease purchase agreements for State prisons and authorized a $200 million bond issue for county prisons which was approved by the electorate in the November 1990 general election.

— Act 1990-80, the Medicare Fee Control Act, prohibits health care practitioners from charging Medicare recipients more than Medicare pays.

— Act 1990-100 authorized an additional $25 million bond issue for low interest loans to volunteer fire companies, ambulance services and rescue squads for the purchase of equipment and increased the maximum loan limits. The bond issue was approved by electorate in the November 1990 general election.

— Act 1990-113, the Tax Increment Financing Act, provides an additional financing mechanism for local economic development.

— Act 1990-134 authorized the use of electronic funds transfers for payment of taxes.

— Act 1990-165 established a Hazardous Materials Planning and Response Program to create a system to respond to health and environmental hazards caused by hazardous materials and to create an emergency notification system.

— Act 1990-179 increased per capita reimbursement for local health departments.

— Act 1990-193 established a County Intermediate Punishment Program to develop optional programs for punishment at the county level including noncustodial supervision and partial confinement programs.

— Act 1990-198 made major changes in the Business Corporation Law to update and streamline practices in the Commonwealth.

— Act 1990-204 enacted the Family Caregivers Support Program to provide assistance to those persons who provide home care for certain individuals.

— Act 1990-212 established an Early Intervention Program to provide a statewide system of developmental services to eligible young children.

— Act 1990-215 established a Motivational Boot Camp Program for certain inmates of Correctional Institutions.

— Act 1991-6 established the Pennsylvania Intergovernmental Cooperation Authority to provide assistance to Philadelphia in overcoming its financial problems.

We made significant investments in programs to support the economically needy through general assistance, aid to families with dependent children, and medical assistance. Total expenditures for these programs by the Commonwealth and the Federal government amounted to $5.3 billion in the 1990-91 fiscal year. Approximately 40 percent of the total costs for assistance to the economically needy is funded by the General Fund. The balance is provided by the State Lottery Fund, by reimbursements from the Federal government, and through various program collection activities conducted by the Commonwealth. Additional funding was obtained through implementation of a Medical Assistance Pooling Program which was initiated in 1990-91 and provided contributions for that year's activities totaling $373 million. We focused attention on maintaining the financial integrity of the State Lottery Fund by continuing a yearly transfer of selected program costs back to the General Fund. We are continuing to develop a new reimbursement methodology for long-term care facilities providing nursing home care for medical assistance recipients.

Overall, the general purpose financial statements demonstrate our continued commitment to fiscal integrity. It is our goal to maintain a strong emphasis on economic development, education and productive growth in the Pennsylvania economy.

Sincerely,

Michael H. Hershock

Michael H. Hershock
Secretary
Office of the Budget

COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

December 13, 1991

HARVEY C. ECKERT
DEPUTY SECRETARY FOR COMPTROLLER OPERATIONS
OFFICE OF THE BUDGET

Dear Secretary Hershock:

It is my privilege to present this Comprehensive Annual Financial Report (CAFR) on the operations of the Commonwealth of Pennsylvania as of and for the fiscal year ended June 30, 1991. This report, which includes the General Purpose Financial Statements (GPFS), was prepared by the Office of the Budget, Comptroller Operations, pursuant to the power vested in the Governor under Section 701 of the Administrative Code and delegated to the Secretary of the Budget by Executive Order No. 1984-3, October 11, 1984.

The financial statements contained in this CAFR were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board (GASB). They were jointly audited by the elected Auditor General of the Commonwealth of Pennsylvania and KPMG Peat Marwick, a nationally recognized public accounting firm. Their Independent Auditors' Report, expressing an unqualified opinion on the GPFS, is included in this financial report.

I believe the financial statements are fairly stated in all material respects; that they are presented in a manner designed to fairly set forth the Commonwealth's financial position, results of operations, and changes in the fund balances as measured by the financial activity of its various fund types; and that all disclosures necessary to enable the Governor, the Members of the General Assembly, the public, and the financial community to gain a full understanding of the Commonwealth's operations and financial affairs have been included. Responsibility for the completeness and fairness of the presentation, including all disclosures, rests with the Commonwealth of Pennsylvania, Office of the Budget.

In addition to the GPFS, which provide an overview of the Commonwealth's financial position and operating results by fund type, this CAFR includes: combining financial statements presenting information by fund; supporting schedules; certain narrative information describing individual funds; and statistical tables presenting financial, economic, social and demographic data about the Commonwealth. The CAFR was prepared in accordance with standards established by the Government Finance Officers Association of the United States and Canada (GFOA) and will be submitted to the GFOA to determine its eligibility for a Certificate of Achievement for Excellence in Financial Reporting.

THE FINANCIAL REPORTING ENTITY

The GPFS of the Commonwealth, in conformance with GASB Codification Section (Cod.Sec.) 2100 includes all funds, account groups, agencies, boards and commissions, and governmental public service corporations over which the Commonwealth's executive and legislative branches exercise oversight responsibility. Criteria used to determine oversight responsibility include budget adoption and approval, taxing authority, funding of outstanding debt, authority to appoint an organization's governing body, constitutional officers' ability to significantly influence operations, accountability for fiscal operations and scope of public service. Inclusion of an organization in the Commonwealth GPFS in no way alters the defined prerogatives of the organization's management, its statutory authority, or its legal characteristics.

Based on Cod.Sec. 2100, the following Commonwealth public service organizations meet the oversight criteria and are included in the accompanying financial statements.

Pennsylvania Higher Educational Facilities Authority (PHEFA): The PHEFA was created for the purpose of financing, constructing, improving and maintaining any educational facility, and assisting colleges in financing, on a short-term basis, their working capital requirements. PHEFA revenue bonds are financed through lease rental payments. Some of the lessees, although private institutions, are recipients of Commonwealth grants and subsidies.

Pennsylvania Higher Education Assistance Agency (PHEAA): The PHEAA was created to improve the higher educational opportunities of persons who are residents of the Commonwealth and attending institutions of higher education by enabling the agency, lenders and post-secondary institutions to make loans and grants to students for educational purposes. Debt service on bonds issued by the PHEAA is met from loan repayments and interest and other revenues of the agency.

Pennsylvania Housing Finance Agency (PHFA): The PHFA was created to make loans secured by real property or leasehold, including mortgages, to finance projects designed and planned to be available for low and moderate income persons and families. Bonds issued by the PHFA are partially secured by a capital reserve fund required to be maintained at an amount equal to the maximum annual debt service on its outstanding bonds in any succeeding calendar year. Statute provides that if there is a deficiency in the capital reserve fund or if funds are necessary to avoid default on interest, principal or sinking fund payments on PHFA notes or bonds, an amount sufficient to make up such deficiency shall be placed in the budget of the Commonwealth for the succeeding fiscal year.

Pennsylvania Industrial Development Authority (PIDA): The PIDA was created for the purpose of making secured loans to industrial development agencies for payment of a part of the cost of industrial development projects in critical economic areas. Principal and interest payments to PIDA and other revenues are used to pay debt service on revenue bonds issued by the PIDA and to make additional loans.

Pennsylvania Infrastructure Investment Authority (PENNVEST): The PENNVEST was created for the purpose of financing long-term, low interest loans for corporations, partnerships, sole proprietorships, nonprofit organizations, authorities, and municipalities for the construction, improvement, repair or rehabilitation of drinking water and waste water systems throughout the Commonwealth. PENNVEST is an instrumentality of the Commonwealth, funded by contributed capital from other funds, the federal government, general obligation bonds authorized by referendum, and revenue bonds. Earnings of PENNVEST and repayments of loans are reinvested for additional financing activities.

Pennsylvania Turnpike Commission (PTC): The PTC was created for the purpose of constructing, maintaining and operating a turnpike system together with connecting roads, tunnels and bridges. Debt service on turnpike revenue bonds is payable from revenues, primarily tolls and rentals from leases and concessions, of the turnpike system.

State Employes' Retirement System (SERS), Public School Employes' Retirement System (PSERS): The SERS and PSERS were established as independent administrative boards of the Commonwealth. Each system is directed by a governing board which exercises control and management of the systems, including the investment of assets. The retirement plans of the SERS and the PSERS are contributory defined benefit plans covering all state employes, employes of certain state-related organizations, and all public school employes. Proposed changes in benefit and contribution provisions require legislative action and must be supported by an actuarially computed estimate of the cost of such changes.

State Highway and Bridge Authority (SHBA): The SHBA was created to construct, reconstruct, improve and maintain highway and bridge projects and roadside rests. All rental charges of SHBA are transferred from the Motor License Fund, a Special Revenue Fund, and are used to meet debt service requirements. No SHBA debt obligations have been issued since 1968.

State Public School Building Authority (SPSBA): The SPSBA was created for the purpose of constructing, furnishing and equipping, and maintaining public school buildings, as part of the public school system of the Commonwealth. Debt service on revenue bonds issued by the SPSBA is met from lease rental payments made by the local school districts, all of which receive substantial financial aid from the Commonwealth.

State System of Higher Education (SSHE): In accordance with Cod.Sec. 2100, Commonwealth-owned universities are reported in a "discrete presentation" under a separate fund category in the Commonwealth's GPFS. The SSHE, composed of fourteen universities, was created by Act No. 188 of 1982 to function independently of the Department of Education for the purpose of providing instruction for undergraduate and graduate students. The corporate powers of the SSHE are exercised by a Board of Governors through the SSHE Chancellor.

Commonwealth-related universities named below are not included in the GPFS as the degree of oversight responsibility exercised by the Commonwealth is so insignificant that it has not been deemed appropriate to reflect them in the reporting entity.

Pennsylvania State University
Temple University
University of Pittsburgh
Lincoln University

It has been determined that the following organization is not a part of the Commonwealth reporting entity after applying criteria of Cod.Sec. 2100 and is excluded from the GPFS because the Commonwealth does not control its assets, operations or management.

Pennsylvania Municipal Retirement System (PMRS): The PMRS was established as an independent board of the Commonwealth for the purpose of administering a retirement plan for officers, employes, firemen and policemen of the Commonwealth's political subdivisions and municipal authorities, and of institutions supported and maintained by the political subdivisions and municipal government associations. Control and management of the PMRS, including investment of assets, is exercised by a governing board.

BUDGETARY CONTROLS AND ACCOUNTING SYSTEMS

The annual budget of the Commonwealth is comprised of separate appropriations to individual agencies for their specific programs, purposes, special outlays and/or operating expenditures. Budgetary control is exercised at the agency level by appropriation and by allocations to major categories of expenditure within each appropriation. Major expenditure categories include personnel services, operational expenses, fixed assets, subsidies and grants, debt service and fixed charges. An encumbrance system is used to effect budgetary control at the appropriation and allocation levels.

Encumbrances represent the estimated amount of expenditures that are expected to be incurred when purchase orders issued are filled and contracts and other commitments entered into are performed. They serve to reserve that part of an appropriation until the actual liabilities are incurred and to ensure that funds committed (encumbered) and expended do not exceed the total amounts appropriated and/or allocated. Section 621 of the Administrative Code provides that unencumbered appropriated funds shall automatically lapse at fiscal year end and become available for appropriation in the new fiscal year. Encumbered appropriations are carried forward into the new fiscal year. They are reported in the Commonwealth's governmental funds as reservations of fund balance as distinguished from unreserved fund balance. Funds reserved for appropriations carried forward may be expended until October 31 of the new fiscal year at which time any remaining balances must be lapsed, except amounts for encumbered items being litigated or arbitrated or otherwise extended for some other reason with approval of the Secretary of the Budget. In no event, however, can an encumbrance carried forward from one fiscal year be extended beyond the end of the next fiscal year except for a litigated item.

Accounting records of most departments under the Governor's jurisdiction are maintained on a centralized accounting system. The operations of this system are directed and supervised by the Office of the Budget, Comptroller Operations. Separate accounting systems are maintained by the Department of Transportation for the Motor License Fund; the Liquor Control Board for the State Stores Fund; and the Department of Labor and Industry, Office of Employment Security, for the payment of unemployment compensation benefits. The Treasury Department, the Department of the Auditor General, and the Legislature and Judiciary, likewise, operate separate accounting systems.

The accounts of the Commonwealth's governmental fund types are maintained on a budgetary basis by fund, agency and appropriation. Revenues are recorded at the time cash is received.

Expenditures are recorded at the time payment requisitions and invoices are submitted to the Treasury Department for payment. At the fiscal year end, both revenues and expenditures are adjusted to reflect appropriate accruals for financial reporting in conformity with GAAP.

Within the accounting systems, internal controls effectively provide reasonable assurance that financial transactions are executed in accordance with prior authorizations, that assets are protected from unauthorized use or disposition, and that the financial records are reliable for the purposes of preparing financial statements and maintaining accountability. All department records are reconciled monthly with the Treasury Department's records of cash disbursements and the Department of Revenue's records of cash receipts.

THE GENERAL PURPOSE FINANCIAL STATEMENTS (GPFS)

Although the Commonwealth plans and manages its financial affairs on a budgetary basis, it also prepares GPFS in conformity with GAAP applicable to governments. These financial statements differ from those prepared on a budgetary basis in that generic funds are combined by fund types and the financial information is presented on the basis of accounting principles applicable to each fund type. Accordingly, governmental, expendable trust, and agency funds are reported on the modified accrual basis of accounting; proprietary and pension trust funds are reported on the accrual basis of accounting. The College and University Funds are reported on the accrual basis of accounting in accordance with the National Association of College and University Business Officers' *College and University Business Administration* and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities* for institutions of higher education.

In measuring financial position and operating results on the modified accrual basis of accounting, as compared to the budgetary basis, revenues are generally recognized when they become measurable and available to finance current obligations, as opposed to when cash is received. Expenditures are generally reported when goods and services are received and a liability incurred, rather than when cash is disbursed. Due to these differences, the Commonwealth's GPFS as of a fiscal year end include amounts which actually will not be received or disbursed until a future date. Such amounts are necessarily based on management's best assessment and evaluation of available financial data at the time the financial statements are prepared. They include revenues due the Commonwealth, net of credits and refunds, and accounts payable and accrued expenditures for which a liability has been incurred as of the fiscal year end.

ECONOMIC CONDITION AND OUTLOOK

The recession that began in the summer of 1990 had an especially severe effect on the economies of Pennsylvania and other Northeastern states. Consumer and business spending were particularly affected in Pennsylvania during the 1990-91 fiscal year as evidenced by six consecutive months of sales tax revenues being less than the previous fiscal year collections. Current economic data indicate that the recovery from the recession will be slow and unstable.

The forecast for a long and slow economic recovery, combined with the severity with which Pennsylvania and the Mid-Atlantic region have been affected by the recession, will make the recovery more difficult for this region than the nation as a whole. Manufacturing, expected to be one of the driving forces behind the recovery, has declined in importance in Pennsylvania in recent years adding potential difficulties for Pennsylvania's recovery.

When the 1991-92 fiscal year budget was adopted in August of 1991, economic growth was anticipated to resume in late summer and a sluggish recovery was included in the forecast. Unemployment for the 1991-92 fiscal year was projected to remain around 7 percent. Currently, economic growth appears to have taken a pause and there is a concern over the possibility of further declines in real gross national product. The pace of the economy during the recovery period will depend heavily on the actions by consumers. Recent consumer confidence surveys, however, have shown some weakness that could lead to lower consumer buying and reduced economic growth. The direction the economy will move during the 1991-92 fiscal year remains uncertain but it appears there is little chance that the economy will recover at a normal post-recession pace.

Revenue collections from most major tax sources through the end of October, 1991 reflect the slow economy. Sales tax receipts through the first four months of the fiscal year are one percent below the official estimate. Personal income tax collections are also slightly below their projected growth rate. Corporate tax collections, led by the corporate net income tax, are substantially above estimate. The higher collections are thought to be due to early deposit of retroactive corporation tax payments anticipated to be received later in the fiscal year.

THE GENERAL FUND

The General Fund, the Commonwealth's largest fund, is the focal point in any assessment of Pennsylvania's financial position. It accounts for all revenues and receipts which are not required by law to be accounted for or deposited elsewhere and for the major portion of Commonwealth expenditures. Tax receipts, principally personal and corporate income and sales and use taxes, constitute more than 65 percent of the General Fund's revenues. Major fund expenditures are for general government, protection of persons and property, public health and welfare, public education, economic development and debt service on all obligations except those incurred for highway or other special revenue fund purposes. A comparison of how the Commonwealth has operated within its adopted General Fund budget, as amended, is presented in the "Combined Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances — Budget and Actual (Budgetary Basis)," included in the GPFS.

Budgetary Basis: At June 30, 1991 the Commonwealth reported a $453.6 million unreserved/undesignated fund balance deficit (budgetary basis) in the General Fund. This compares to a budgetary basis fund balance surplus of $136.2 million at June 30, 1990. The change in budgetary basis fund balance for the fiscal year ended June 30, 1991 was the result of revenue collections totaling $16,856.4 million less appropriation authorizations totaling $17,735.5 million, plus other financing sources totaling $289.3 million. Included in the $17,735.5 million appropriation authorizations are $176.5 million of state supplemental appropriations and $215.8 million in federal supplemental appropriations authorized during the fiscal year.

The following table shows the General Fund's actual year end unreserved/undesignated fund balance and increases or decreases (expressed in millions) on a budgetary basis at the end of the five most recent fiscal years:

At June 30	Unreserved/ Undesignated Fund Balance	Increase (Decrease)
1987	$ 347.8	$ 128.0
1988	94.7	(253.1)
1989	385.1	290.4
1990	136.2	(248.9)
1991	(453.6)	(589.8)

Modified Accrual Basis: At June 30, 1991 the Commonwealth's General Fund reported a fund balance deficit of $981.0 million, an increase of $861.2 million from the $119.8 million fund balance deficit at June 30, 1990. Total assets increased by $108.5 million to $1,908.2 million. Liabilities increased by $969.7 million to $2,889.2 million. These changes and others are reflected in the General Fund summary comparative balance sheet that follows.

General Fund
Summary Comparative Balance Sheets (GAAP Basis)
(Expressed in Millions)

	June 30, 1991	June 30, 1990	Increase (Decrease)
Assets			
Cash and temporary investments	$ 331.3	$ 553.2	$ (221.9)
Receivables, net	636.5	617.9	18.6
Due from other funds/governments	934.8	622.4	312.4
Other assets	5.6	6.2	(.6)
Total Assets	$ 1,908.2	$ 1,799.7	$ 108.5
Liabilities			
Accounts payable and other accrued liabilities	$ 1,684.3	$ 1,332.5	$ 351.8
Due to other funds/governments	1,190.8	573.9	616.9
Deferred revenue	14.1	13.1	1.0
Total Liabilities	2,889.2	1,919.5	969.7
Fund Balance			
Reserved	165.2	173.4	(8.2)
Unreserved:			
Undesignated (deficit)	(1,146.2)	(293.2)	(853.0)
Total Fund Balance (deficit)	(981.0)	(119.8)	(861.2)
Total Liabilities and Fund Balance	$ 1,908.2	$ 1,799.7	$ 108.5

GENERAL GOVERNMENTAL FUNCTIONS — MODIFIED ACCRUAL BASIS

The Commonwealth's governmental fund types include the General Fund, the Special Revenue Funds, which includes the Motor License Fund, the Debt Service Funds and the Capital Projects Funds. These funds account for most general operating revenues and expenditures. Their combined fund balances at June 30, 1991 decreased by $1,099 million to a $21 million deficit from $1,078 million at the beginning of the fiscal year. Unreserved/undesignated fund balances at June 30, 1991 amount to a $1,189 million deficit as compared to a $206 million unreserved/undesignated fund balance deficit a year ago. Comparative summaries of general governmental revenues by source and expenditures by function (expressed in millions) follow.

General Governmental Revenues by Source. Revenues of the Commonwealth's General, Special Revenue, Debt Service and Capital Projects Funds totalled $20,936 million. This represents a 6.2 percent increase over the previous fiscal year. Taxes constituted 57.2 percent of general governmental revenues; intergovernmental revenues, primarily Federal funds, constituted 24.7 percent.

	Fiscal Years Ended		
Revenue Source	June 30, 1991	June 30, 1990	Increase (Decrease)
Taxes	$ 11,981	$ 12,052	$ (71)
Licenses and fees	685	661	24
Intergovernmental	5,165	4,358	807
Charges for goods and services	1,015	504	511
Investment income	158	222	(64)
Lottery receipts	1,521	1,530	(9)
Lease rental principal and interest	170	194	(24)
Other	241	195	46
Total Revenues	$ 20,936	$ 19,716	$ 1,220

Intergovernmental revenues increased by $807 million due mainly to the increased participation in the Federal Medicare Program.

Charges for goods and services increased by $511 million due primarily to the receipt of donations realized from pooling arrangements with medical assistance providers.

Taxes decreased by $71 million over the previous fiscal year due mainly to the downturn in the state and national economies. The following is a summary of tax revenue by type:

Taxes by Type	Fiscal Years Ended June 30, 1991	Fiscal Years Ended June 30, 1990	Increase (Decrease)
Sales and use	$ 4,160	$ 4,230	$ (70)
Personal income	3,256	3,234	22
Corporation	2,637	2,524	113
Liquid Fuels	993	1,010	(17)
Other	935	1,054	(119)
Total Taxes	$ 11,981	$ 12,052	$ (71)

General Governmental Expenditures by Function. Expenditures of the Commonwealth's General, Special Revenue, Debt Service and Capital Projects Funds totalled $22,652 million, reflecting an increase of $1.8 billion over the previous fiscal year. Of the total amount expended, public health and welfare accounted for 40.6 percent, public education for 25.8 percent and transportation for 10.6 percent.

Expenditure Function	Fiscal Years Ended June 30, 1991	Fiscal Years Ended June 30, 1990	Increase (Decrease)
General government	$ 1,890	$ 1,921	$ (31)
Protection of persons and property	1,292	1,217	75
Public health and welfare	9,200	7,745	1,455
Public education	5,853	5,598	255
Conservation of natural resources	431	374	57
Economic development and assistance	315	364	(49)
Transportation	2,392	2,392	....
Capital outlay	299	169	130
Debt service:			
Principal retirement	527	608	(81)
Interest and fiscal charges	453	456	(3)
Total Expenditures	$ 22,652	$ 20,844	$ 1,808

Expenditures for public health and welfare increased by $1,455 million or 18.8 percent over the previous fiscal year. Increases in financial support to the economically needy, aid to families with dependent children, and medical assistance comprise the largest portion of the public health and welfare expenditure increase.

Expenditures for public education increased by $255 million or 4.6 percent over the previous fiscal year. Areas of increase include aid to local school districts for basic instruction, vocational instruction, debt service, pupil transportation, employe retirement including social security, and special education programs.

DEBT ADMINISTRATION

The Constitution of the Commonwealth of Pennsylvania permits the incurrence of debt, without approval of the electorate, for capital projects specifically authorized in a capital budget. Capital project debt outstanding cannot exceed one and three quarters (1.75) times the average of the annual tax revenues deposited in all funds during the previous five fiscal years. The certified constitutional debt limit at August 31, 1991 was $23.7 billion. Outstanding capital project debt at August 31, 1991 amounted to $4.1 billion.

In addition to constitutionally authorized capital project debt, the Commonwealth may incur debt for electorate approved programs, such as economic revitalization, land and water development, and water facilities restoration; and for special purposes approved by the General Assembly, such as disaster relief.

The total general obligation bond indebtedness outstanding at June 30, 1991 was $4,787.5 million. Total debt service expenditures paid from General Fund and Motor License Fund appropriations during the fiscal year ended June 30, 1991 amounted to $691.3 million.

During the fiscal year ending June 30, 1992 the Office of the Budget projects general obligation bond issuances amounting to $797 million, an increase of $156 million as compared to actual bond issuances of $641 million during the fiscal year ended June 30, 1991. This forecast reflects the need to make investments in the Commonwealth's capital infrastructure, particularly prisons, interstate highway construction under the Federal Advance Construction Interstate Program, highway bridges, mass transportation and water supply systems. Debt principal retirements of $485 million are forecast during fiscal 1992. The table that follows shows total outstanding long-term indebtedness for general obligation bonds (expressed in millions) at the end of the seven most recent fiscal years.

At June 30	Outstanding Bond Indebtedness
1985	$4,535
1986	4,529
1987	4,559
1988	4,699
1989	4,705
1990	4,634
1991	4,788

In December 1985, June 1986, and April 1987, the Commonwealth issued general obligation refunding bonds totalling $224.1 million. The proceeds are being used to retire general obligation debt incurred in 1980, 1981, 1982 and 1984 at higher interest rates. This will result in estimated savings of $11.6 million over the life of the refunding bonds, or $9.1 million when discounted to present value. In November 1988, the Commonwealth issued $127.6 million in general obligation bonds to advance refund $146.2 million of outstanding General State Authority (GSA) bonds. After this refunding transaction, the GSA ceased to exist.

In addition to general obligation bonds, the Commonwealth issues tax anticipation notes to meet operating cash needs during certain months of the fiscal year. Tax anticipation notes may be issued only for the General Fund and the Motor License Fund. They may not exceed 20 percent of the funds' estimated revenues for the year, and must mature during the fiscal year in which they are issued. Cash shortages occur during the fiscal year because tax receipts, unlike cash disbursements, are concentrated in the fourth quarter of the fiscal year.

During the fiscal year ending June 30, 1992, total General Fund revenues and budgeted expenditures, including Federal funds, are expected to increase by 24.2 percent and 10.3 percent, respectively. As the result of tax changes and expenditure patterns that are likely to affect the cash receipts flow, the Commonwealth anticipates issuance of $1.45 billion in General Fund tax anticipation notes during the 1991-92 fiscal year. General Fund tax anticipation note or commercial paper issuances (expressed in millions) during the five most recent fiscal years are shown below. Motor License Fund tax anticipation notes were not issued for the periods shown and are not expected to be issued in the future.

Fiscal Year Issue Ended June 30	For the Account of the General Fund	Amount Issued as a Percent of General Fund Tax Revenues
1988	$ 700	7%
1989	699	7
1990	955	8
1991	1,400	12
1992 (Estimated)	1,450	10

CASH MANAGEMENT

The Treasury Department is required by the Commonwealth's Fiscal Code to deposit monies of the Commonwealth, excluding certain component units, in state depositories approved by the Board of Finance and Revenue. Monies deposited are not required to be segregated by fund.

In addition, the Treasury Department is empowered to invest monies of the Commonwealth that have accumulated beyond the ordinary needs of the various Commonwealth Funds. Temporary investments held by the Treasury Department by type, average maturity in days and percent at June 30, 1991 are depicted below.

Investment Type	Average Maturity (days)	Percent
Commercial Paper (Moody's Prime One Rating or Equivalent)	7	10.1
United States Treasury and Agency Obligations	520	51.6
Repurchase Agreements	5	21.0
Certificates of Deposit	337	6.5
Corporate Bonds and Notes	691	10.3
Other	730	.5
		100.0

Temporary investments held by the Treasury Department amounted to $2.8 billion, of the $5.8 billion reported on the combined balance sheet, as of June 30, 1991. Interest on investments made by the Treasury Department during the fiscal year amounted to $263 million at an average yield of 7.8 percent.

RISK MANAGEMENT

The Commonwealth maintains ongoing training and information programs to reduce risks associated with employe injury and negligence, contract compliance, tort liabilities and property losses. As more fully described at Note O to the financial statements, the Commonwealth became self-insured for employe disability and medical claims on July 1, 1983. The Commonwealth is also self-insured for tort liabilities, including automobile, employe and transportation-related claims. Reserves have been established to fund self-insured claims. Third-party coverage is obtained for property losses in excess of $1 million per occurrence, to a limit of $100 million per occurrence. Coverage for property losses less than $1 million or more than $100 million is maintained through the Commonwealth's self-insurance program.

CAPITAL PROJECTS FUNDS

Proceeds of general obligation bonds are generally accounted for in the capital projects funds. Completed projects and construction in progress at the fiscal year end are accounted for as assets and are capitalized in the General Fixed Assets Account Group. Projects completed during the fiscal year totalled $21 million; construction in progress at June 30, 1991 amounted to $131 million. Authorized but unissued general obligation bonds at June 30, 1991 totalled $13,082 million.

ENTERPRISE, FIDUCIARY AND COLLEGE AND UNIVERSITY FUNDS

The Commonwealth's enterprise funds are used to account for revolving loan programs for economic development, higher education and housing assistance. Also included are a turnpike system and the Pennsylvania Infrastructure Investment Authority (PENNVEST) which loans funds to local governments for improving water and sewer systems. All enterprise funds reported retained earnings at June 30, 1991, totaling $1,666 million, which represents a decrease of $109 million from the $1,775 million retained earnings reported the previous year.

Fiduciary type funds, including expendable trust funds and pension trust funds, reported total fund balances of $29,360 million at June 30, 1991, compared to $27,840 million at June 30, 1990. Total fund balances of the expendable trust funds decreased $293 million over the previous fiscal year, for total reported fund balances of $1,877 million at June 30, 1991. The two pension trust funds included in the Commonwealth's financial reporting entity reported combined fund balances of $27,483 million at June 30, 1991, an increase of $1,813 million over the previous fiscal year. Fund balances of the pension trust funds are completely reserved for pension benefits.

The total fund equity for the College and University Funds, used to account for the State System of Higher Education, at June 30, 1991 was $348.7 million, compared to $332.5 million, as restated, at June 30, 1990.

GENERAL FIXED ASSETS

General fixed assets of the Commonwealth are those used in the performance of general governmental functions. The fixed assets of the proprietary and the fiduciary fund types and the College and University Funds are not included in the General Fixed Assets Account Group, except for certain real property used by the SSHE. General fixed assets as of June 30, 1991 amounted to $3,011.6 million at actual or estimated historical cost. Depreciation is not recognized for the Commonwealth's general fixed assets. Infrastructure assets, consisting primarily of highways, roads and bridges, are not recorded in the General Fixed Assets Account Group. Both of these practices are in conformity with GAAP.

INDEPENDENT AUDIT

The audit of the GPFS, evidenced by the Independent Auditors' Report submitted herewith, was performed jointly by the Department of the Auditor General and the independent public accounting firm of KPMG Peat Marwick. It was performed pursuant to the authority vested in the Auditor General and the Governor under Section 402 of the Fiscal Code of 1929 and in the Governor under Section 701 of the Administrative Code of 1929.

The Fiscal Code provides that the Department of the Auditor General shall make all audits of transactions after their occurrence, which may be necessary, in connection with the administration of the financial affairs of the government of the Commonwealth of Pennsylvania and that it shall be the duty of the Governor to make such audits of the affairs of the Department of the Auditor General.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth of Pennsylvania for its Comprehensive Annual Financial Report as of and for the fiscal year ended June 30, 1990. This represents the fifth consecutive year the Commonwealth of Pennsylvania has received this award.

To merit a certificate of achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to GFOA standards and satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only.

We believe the Comprehensive Annual Financial Report of the Commonwealth of Pennsylvania as of and for the fiscal year ended June 30, 1991 conforms to the GFOA standards and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement for Excellence in Financial Reporting.

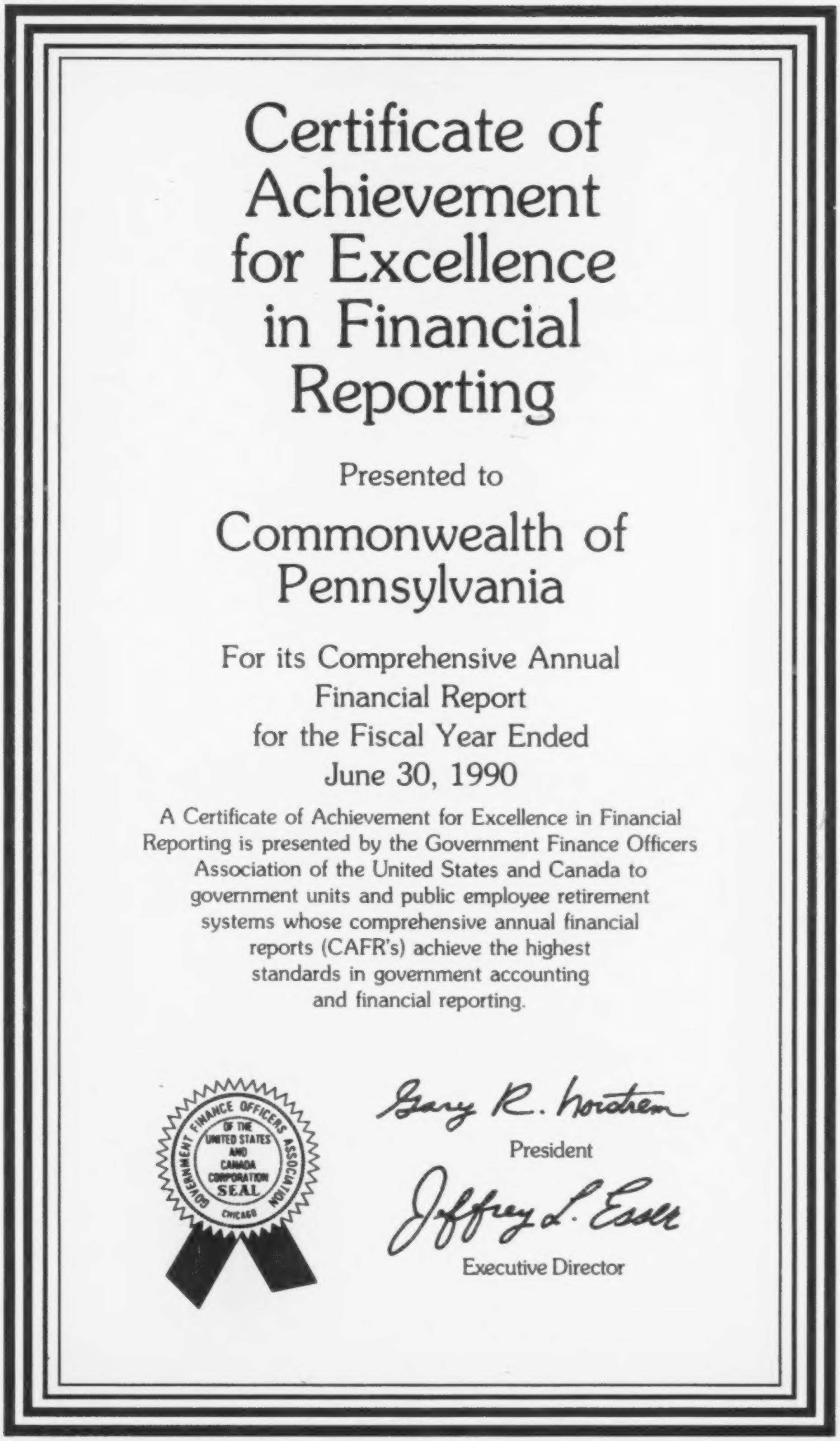
ACKNOWLEDGEMENTS

In conclusion, I wish to express my appreciation to the staff of the various Commonwealth agencies whose time and dedicated effort made this report possible and, at the same time, to reaffirm my commitment to you to maintain the highest standards of accountability in financial reporting to the citizens of the Commonwealth.

Sincerely,

Harvey C. Eckert

Harvey C. Eckert
Deputy Secretary for Comptroller Operations
Office of the Budget



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Pennsylvania

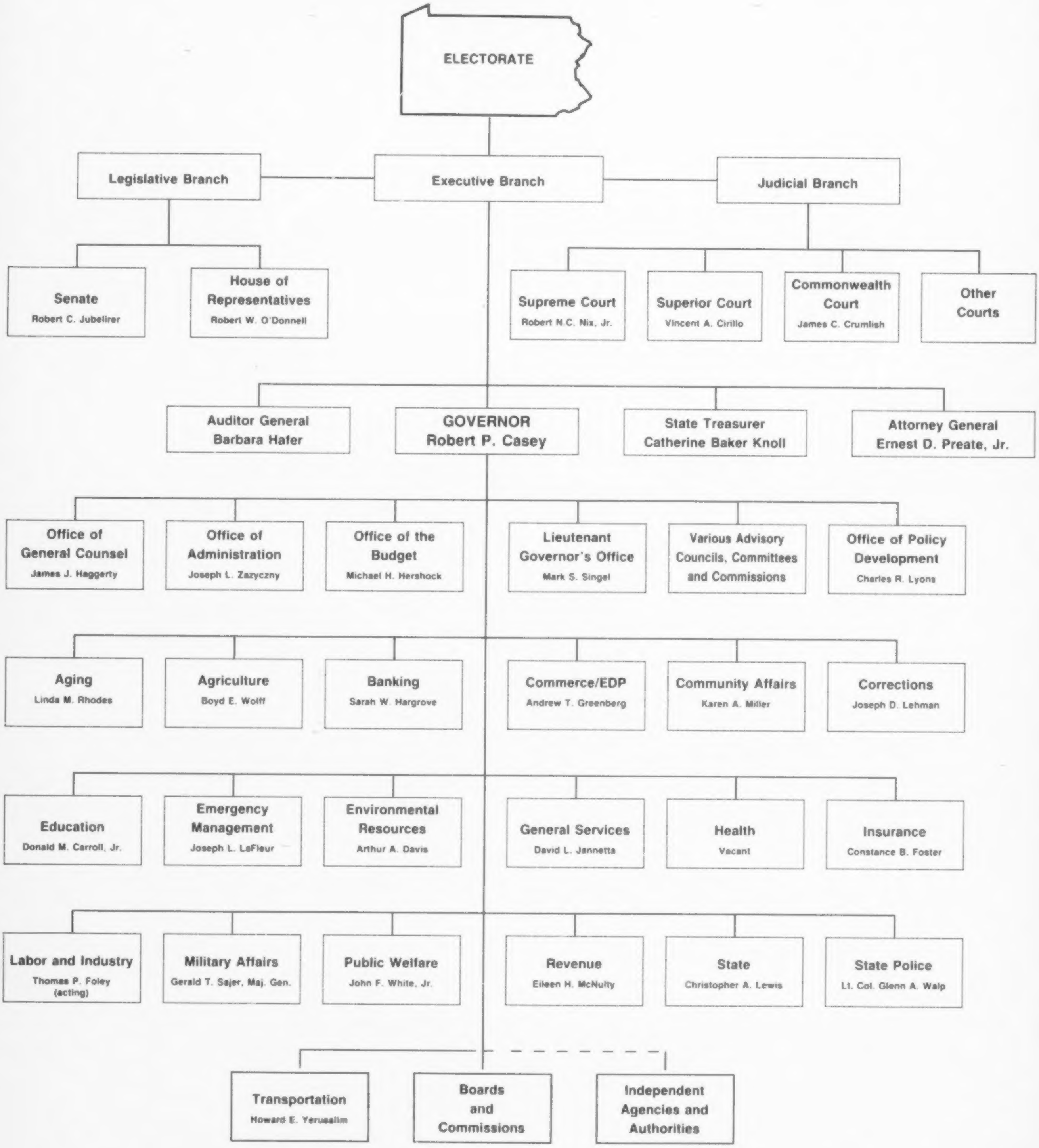
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1990

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.

Gary R. Norstrem
President

Jeffrey L. Esser
Executive Director

COMMONWEALTH OF PENNSYLVANIA
ORGANIZATION AND OFFICIALS CHART
JUNE 30,1991


ELECTORATE
Legislative Branch
Executive Branch
Judicial Branch
Senate
Robert C. Jubelirer
House of Representatives
Robert W. O'Donnell
Supreme Court
Robert N.C. Nix, Jr.
Superior Court
Vincent A. Cirillo
Commonwealth Court
James C. Crumlish
Other Courts
Auditor General
Barbara Hafer
GOVERNOR
Robert P. Casey
State Treasurer
Catherine Baker Knoll
Attorney General
Ernest D. Preate, Jr.
Office of General Counsel
James J. Haggerty
Office of Administration
Joseph L. Zazyczny
Office of the Budget
Michael H. Hershock
Lieutenant Governor's Office
Mark S. Singel
Various Advisory Councils, Committees and Commissions
Office of Policy Development
Charles R. Lyons
Aging
Linda M. Rhodes
Agriculture
Boyd E. Wolff
Banking
Sarah W. Hargrove
Commerce/EDP
Andrew T. Greenberg
Community Affairs
Karen A. Miller
Corrections
Joseph D. Lehman
Education
Donald M. Carroll, Jr.
Emergency Management
Joseph L. LaFleur
Environmental Resources
Arthur A. Davis
General Services
David L. Jannetta
Health
Vacant
Insurance
Constance B. Foster
Labor and Industry
Thomas P. Foley (acting)
Military Affairs
Gerald T. Sajer, Maj. Gen.
Public Welfare
John F. White, Jr.
Revenue
Eileen H. McNulty
State
Christopher A. Lewis
State Police
Lt. Col. Glenn A. Walp
Transportation
Howard E. Yerusalim
Boards and Commissions
Independent Agencies and Authorities

Facts Sheet

The Bill of Rights are the first Ten Amendments (additions) to the Constitution of the United States. 1991 marks the bicentennial of the adoption and ratification or approval of the Bill of Rights.

The Bill of Rights was an outgrowth of the battle for ratification of the Constitution itself. Because they feared that the federal government might become too powerful and usurp some of the rights for which they had fought, several of the more powerful and larger states such as Virginia, Massachusetts, and New York, insisted that the Bill of Rights be added to the Constitution, or they would not accept the Constitution at all.

Many colonies in the new world had already adopted a declaration of human rights in their state charters or constitutions. These provided a model for the national Bill of Rights.

James Madison, often called the "Father of our Constitution," along with some other founding fathers, felt that since the federal government would be a limited government of only those powers expressly delegated to it in the Constitution, the limits in the Bill of Rights were unnecessary and might later be used to justify government interference in any rights that are **not** specifically listed.

However, Madison eventually realized that the Constitution might not be accepted at all without the assurances of the first 10 amendments. Thomas Jefferson also pointed out that a Bill of Rights could, in fact, serve as a proper limitation on governmental power.

As a result, the ninth and tenth amendment reaffirmed that the people kept other unlisted rights against the government and the states kept the powers not expressly given to the federal government in the Constitution.

Twelve amendments were originally proposed, but the first two were never approved. One of these proposed amendments would have set the number of representatives in the House at a population ratio. It did not take into consideration the fact that the increase in population could result in a House of over 7,000 members. The second rejected amendment dealt with compensation for members of Congress and had nothing to do with "rights." The other ten were finally approved by the required eleven states on December 15, 1791.

The first amendment guarantees various freedoms of conscience – freedom of religion, speech, press, assembly, and the right to petition the government.

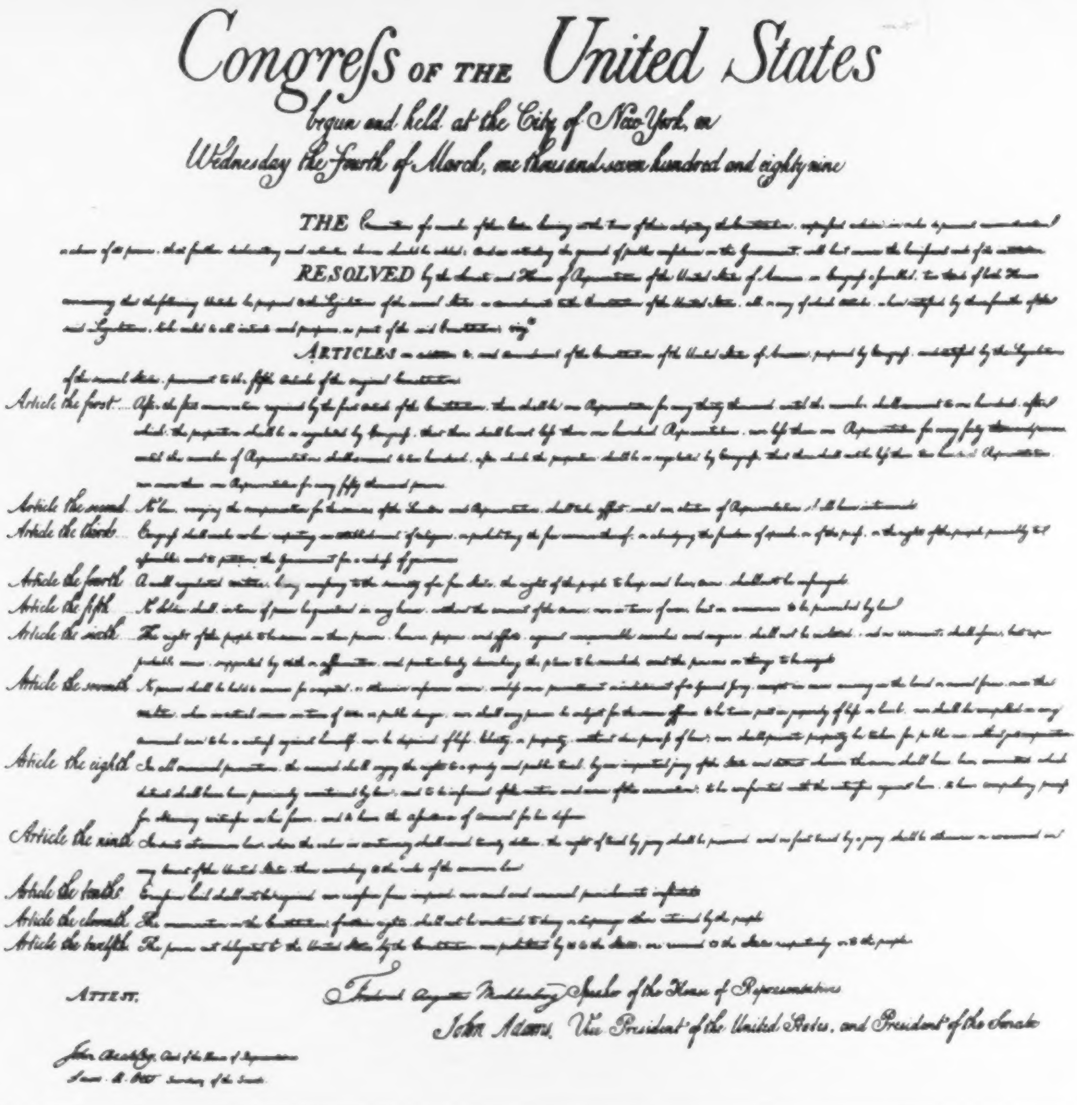
The second amendment gives states the right to raise militias and prohibits the federal government from abridging the "right to bear arms."

The third amendment prohibits quartering of troops in private homes while the fourth, fifth and sixth amendments cover various rights that arise largely where crimes may have been committed. They include limitations on governmental searches, arrests, as well as guaranteeing certain rights to the accused. The seventh amendment preserved the common law right to a jury trial in civil lawsuits, while the eighth amendment bars excessive bail or fines, or "cruel and unusual punishments."

With the adoption of the 14th Amendment in 1868, the court began making individual provisions of the Bill of Rights binding on the states also. Today, **most**, but not **all**, of the guarantees of the Bill of Rights are applicable to state and local governments, as well as the federal government. This process took many years however. Most of the "incorporation" of the Bill of Rights took place, in fact, in the 1960's and it wasn't until 1979 that the Supreme Court held that defendants in state courts were entitled to a unanimous verdict of at least 6 jurors (although the Court has refused to require a jury of 12 jurors, as is required by the Constitution in federal trials). The Bill of Rights continues to grow and adapt to our ever-changing world.

Acknowledgment:

We thank the
NATIONAL CONSTITUTION CENTER
located in Philadelphia, PA
for providing us with these facts.



Congreſs OF THE United States
begun and held at the City of New-York, on
Wednesday the fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first

Article the second

Article the third

Article the fourth

Article the fifth

Article the sixth

Article the seventh

Article the eighth

Article the ninth

Article the tenth

Article the eleventh

Article the twelfth

ATTEST,

Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

Commonwealth of Pennsylvania
Office of the Auditor General
Harrisburg, PA 17120

BARBARA HAFER
AUDITOR GENERAL

KPMG Peat Marwick

Certified Public Accountants

225 Market Street
Suite 300
P.O. Box 1190
Harrisburg, PA 17108-1190

Independent Auditors' Report

The Honorable Robert P. Casey
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have jointly audited the general purpose financial statements of the Commonwealth of Pennsylvania as of and for the fiscal year ended June 30, 1991, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not jointly audit the financial statements of certain component units, which represent 58, 49, 62 and 83 percent of total assets and 4, 34, 41 and 46 percent of total revenues, respectively, of the Special Revenue, Debt Service, Capital Projects and Enterprise Funds, 92 percent of total assets of the Trust and Agency Funds, all revenues of the Pension Trust Funds, and 21 percent of total liabilities of the General Long-Term Obligations Account Group, and we did not jointly audit the financial statements of the State System of Higher Education which represent the amounts shown as the College and University Funds. The financial statements of these component units and the College and University Funds were audited by other auditors, including KPMG Peat Marwick acting separately, whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for those component units and the College and University Funds, is based solely on the reports of the other auditors. KPMG Peat Marwick has audited separately 58, 49, 62, 23 and 59 percent of total assets and 4, 33,41,20 and 56 percent of total revenues, respectively, of the Special Revenue, Debt Service, Capital Projects, Enterprise and Pension Trust Funds and 20 percent of total liabilities of the General Long-Term Obligations Account Group.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The Department of the Auditor General emphasizes that, as required by the Governmental Accounting Standards Board, the general purpose financial statements, prepared in accordance with generally accepted accounting principles (GAAP), include a Combined Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances - Budget and Actual (Budgetary Basis), General and Budgeted Special Revenue Funds. The Commonwealth of Pennsylvania's budgetary basis of accounting is described in Note B. GAAP requires a reconciliation of budgetary and GAAP basis amounts when a governmental entity adopts a budget on any basis other than GAAP. This reconciliation is included in Note M. The Department of the Auditor General also emphasizes that, for financial reporting purposes, the Tax Stabilization Reserve Fund is included in the General Fund. The inclusion of the resources of the Tax Stabilization Reserve Fund reduced the General Fund fund balance deficit from $1,116.6 million to $980.9 million. A component of this deficit is an unreserved/undesignated fund balance deficit which, as a result of the above mentioned inclusion, was reduced from $1,281.9 million to $1,146.2 million.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Pennsylvania at June 30, 1991, and the results of its operations and the cash flows of its Proprietary Funds for the fiscal year then ended, in conformity with generally accepted accounting principles.

As discussed in Note B to the general purpose financial statements, the Commonwealth of Pennsylvania has adopted Statement No. 9 of the Governmental Accounting Standards Board which requires the presentation of a statement of cash flows and certain other disclosures.

As discussed in Note C to the general purpose financial statements, the fund balance of the College and University Funds has been restated to record depreciation of fixed assets and certain liabilities that were not previously reported.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Pennsylvania. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

Barbara Hafer KPMG Peat Marwick

November 15, 1991

Philadelphia, Pennsylvania

THE BIRTHPLACE OF AMERICAN RIGHTS

This year, 1991, we celebrate Freedom of Expression in honor of the 200th Anniversary of the ratification of the Bill of Rights.

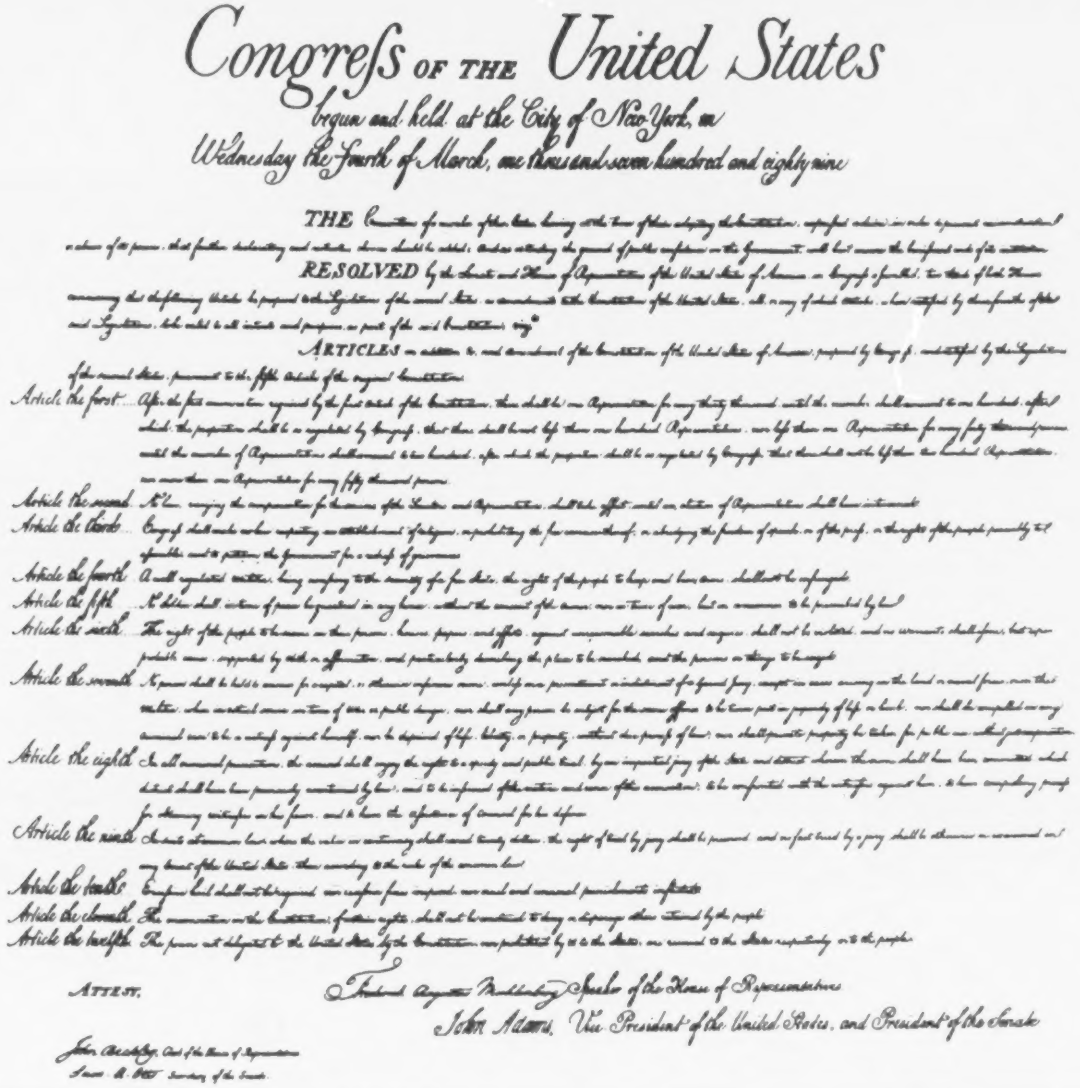
The Bill of Rights is the most comprehensive protection of individual freedom ever written. It guarantees freedom of religion, speech, the press, the right to assembly, and other basic liberties we so often take for granted.

The 55 delegates from 12 states who met in Philadelphia over 200 years ago were not sure of the need for the Bill of Rights in the federal Constitution because most states had their own. But when the Constitution went to the states for ratification, popular demands for more individual liberties was so great that the Bill of Rights became part of the Constitution in 1791.

The Bill of Rights was written when the nation's capitol was in New York, but by the time it was ratified the capitol had been moved to Philadelphia, Pennsylvania.

For the past 200 years, these Great Rights have ensured a degree of freedom in America unprecedented in the history of civilization. Clearly, this document remains quite relevant today and is the "heart and soul" of our liberty.

General Purpose Financial Statements



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ATTEST,

Frederick Augustus Muhlenberg Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

COMBINED BALANCE SHEET
All Fund Types and Account Groups

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	College and University Funds	Totals (Memorandum Only)
ASSETS AND OTHER DEBITS											
Assets:											
Cash—Note D	$ 51,387	$ 24,667	$ 888	$ 5,641	$ 46,810	$ 441	$ 6,166	$	$	$ 6,399	$ 142,399
Cash with fiscal agents—Note D			35,924				1,455,333				1,491,257
Temporary investments—Note D	279,917	606,107	104,006	307,353	2,280,793	10,270	1,944,579			240,789	5,773,814
Long-term investments—Note D		24,548	57,277	27,954	944,835		25,674,153			31,945	26,760,712
Receivables, net:											
Taxes—Note G	571,594	145,961					260,398				977,953
Accounts	46,428	28,167	19,326		39,792	7	35,582			13,824	183,126
Accrued interest	17,794	4,785	4,409	1,975	86,973	51	274,505			103	390,595
Loans—Note G		104,513			3,681,401					21,783	3,807,697
Lease rental—Note G		1,481,930	37,415								1,519,345
Pension contributions							260,045				260,045
Other	684	2,482			14,698	152	14,884			4,688	37,588
Due from other funds—Note H	25,765	90,174	220	27	3,013	12,568	408,998			89,374	630,139
Due from other governments—Note F	838,837	103,164			38,048	542	29,470				1,010,061
Advances to other funds	70,175										70,175
Inventory					104,102	11,154				4,781	120,037
Fixed assets—Note E					1,923,583	44,948	8,451	3,011,634		401,542	5,390,158
Less: accumulated depreciation					(829,811)	(26,802)	(3,210)			(106,049)	(965,872)
Other assets	5,650			706	53,373	2	307,483			20,759	387,973
Other Debits:											
Amounts available in Commonwealth Funds for:											
Retirement of general obligation bonds									5,276		5,276
Retirement of other bonds									69,282		69,282
Other general long-term obligations—Note B									13,318		13,318
Amounts to be provided for the retirement of:											
General obligation bonds									4,782,236		4,782,236
Other bonds									1,689,743		1,689,743
Other general long-term obligations									2,033,032		2,033,032
TOTAL ASSETS AND OTHER DEBITS	$ 1,908,231	$ 2,616,498	$ 259,465	$ 343,656	$ 8,387,610	$ 53,333	$30,676,837	$ 3,011,634	$ 8,592,887	$ 729,938	$56,580,089

— See notes to financial statements. —

COMBINED BALANCE SHEET
All Fund Types and Account Groups—(continued)

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	College and University Funds	Totals (Memorandum Only)
Liabilities:											
Accounts payable and accrued liabilities	$ 1,437,581	$ 455,064	$ 34	$ 92,089	$ 310,976	$ 12,717	$ 273,315	$	$	$ 70,504	$ 2,652,280
Investment purchases payable	....	....	....	....	....	....	436,951	....	....	....	436,951
Tax refunds payable	246,657	325	....	....	....	....	1,686	....	....	....	248,668
Obligations under reverse repurchase agreements	....	....	....	....	....	....	125,531	....	....	....	125,531
Matured debt principal and interest payable	....	....	65,918	....	....	....	....	....	....	....	65,918
Due to other funds—Note H	478,585	29,612	2,274	33,872	23,666	656	23,315	....	....	99,457	691,437
Due to other governments	712,236	22,569	....	6	10,550	34	194,159	....	....	....	939,554
Deferred revenue	14,108	1,493,127	56,741	....	66,456	22	....	....	....	25,737	1,656,191
Notes payable—Note J	....	....	....	....	393,760	....	....	....	....	2,793	396,553
Demand revenue bonds payable—Note J	....	....	....	....	435,000	....	....	....	....	....	435,000
Advances from other funds	....	2,175	....	....	68,000	....	....	....	....	....	70,175
Other liabilities	....	....	2,720	3,092	206,157	54	261,644	....	....	32,248	505,915
Insurance loss liability	....	....	....	....	785,788	....	....	....	....	....	785,788
General obligation bonds payable—Note K	....	....	....	....	....	....	....	....	4,787,512	....	4,787,512
Bonds payable—Note K	....	....	....	....	....	....	....	....	1,759,025	....	1,759,025
Revenue bonds payable—Note K	....	....	....	....	3,723,798	....	....	....	....	....	3,723,798
Capital lease and other general long-term obligations—Note K	....	....	....	....	....	....	....	....	2,046,350	150,478	2,196,828
TOTAL LIABILITIES	2,889,167	2,002,872	127,687	129,059	6,024,151	13,483	1,316,601	....	8,592,887	381,217	21,477,124
Equity and Other Credits:											
Contributed capital—Note H	....	....	....	....	697,868	9,386	....	....	....	....	707,254
Investment in fixed assets	....	....	....	....	....	....	....	3,011,634	....	204,484	3,216,118
Retained earnings:											
Reserved—Note B	....	....	....	....	1,103,967	....	....	....	....	....	1,103,967
Unreserved—Note C	....	....	....	....	561,624	30,464	....	....	....	....	592,088
Fund balance:											
Reserved for:											
Encumbrances	88,718	152,802	....	300,196	....	....	3,037	....	....	16,087	560,840
Advances	70,175	....	....	....	....	....	....	....	....	....	70,175
Pension benefits	....	....	....	....	....	....	27,483,313	....	....	....	27,483,313
Loans receivable	....	104,513	....	....	....	....	....	....	....	23,123	127,636
Long-term investments	....	24,548	57,277	27,954	....	....	238,823	....	....	....	348,602
Endowment and similar funds	....	....	....	....	....	....	....	....	....	13,423	13,423
Restricted fund balance	....	....	....	....	....	....	....	....	....	27,637	27,637
Other	6,334	....	....	....	....	....	....	....	....	12,415	18,749
Unreserved:											
Designated for:											
Capital projects	....	....	....	172,140	....	....	....	....	....	....	172,140
Debt service:											
Retirement of general obligation bonds	....	....	5,276	....	....	....	....	....	....	....	5,276
Retirement of other bonds	....	....	69,282	....	....	....	....	....	....	....	69,282
Highways	....	64,535	....	....	....	....	....	....	....	....	64,535
Other—Note B	....	24,557	....	....	....	....	13,526	....	....	....	38,083
Undesignated (deficit)—Note C	(1,146,163)	242,671	(57)	(285,693)	....	....	1,621,537	....	....	51,552	483,847
TOTAL EQUITY AND OTHER CREDITS	(980,936)	613,626	131,778	214,597	2,363,459	39,850	29,360,236	3,011,634	....	348,721	35,102,965
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$ 1,908,231	$ 2,616,498	$ 259,465	$ 343,656	$ 8,387,610	$ 53,333	$30,676,837	$ 3,011,634	$ 8,592,887	$ 729,938	$56,580,089

— *See notes to financial statements.* —

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
REVENUES:						
Taxes	$10,950,307	$ 1,030,279	$	$	$ 6,012	$11,986,598
Unemployment taxes	. . . .	. . . .	. . . .	. . . .	1,174,513	1,174,513
Licenses and fees	119,180	566,016	. . . .	. . . .	58,851	744,047
Intergovernmental	4,354,455	800,848	. . . .	9,765	. . . .	5,165,068
Charges for sales and services	795,396	179,594	20,038	20,141	. . . .	1,015,169
Investment income	56,183	57,274	21,870	22,953	164,667	322,947
Lottery revenues	. . . .	1,520,943	. . . .	. . . .	. . . .	1,520,943
Lease rental principal and interest	. . . .	156,697	13,454	. . . .	. . . .	170,151
Other	125,453	105,140	602	9,849	1,055	242,099
TOTAL REVENUES	16,400,974	4,416,791	55,964	62,708	1,405,098	22,341,535
EXPENDITURES:						
Current:						
General government	847,616	1,040,553	. . . .	2,219	6,120	1,896,508
Protection of persons and property	1,279,755	11,991	. . . .	. . . .	79,421	1,371,167
Public health and welfare	8,424,656	775,643	. . . .	. . . .	1,612,130	10,812,429
Public education	5,547,253	1,982	. . . .	303,715	47	5,852,997
Conservation of natural resources	288,625	142,381	. . . .	. . . .	. . . .	431,006
Economic development and assistance	177,517	91,665	. . . .	46,180	. . . .	315,362
Transportation	254,425	2,041,810	. . . .	95,550	. . . .	2,391,785
Capital outlay	33,191	18,569	. . . .	246,746	. . . .	298,506
Debt service:						
Principal retirement	. . . .	. . . .	526,625	. . . .	. . . .	526,625
Interest and fiscal charges	51,165	1,621	400,012	188	22	453,008
TOTAL EXPENDITURES	16,904,203	4,126,215	926,637	694,598	1,697,740	24,349,393
REVENUES OVER (UNDER) EXPENDITURES	(503,229)	290,576	(870,673)	(631,890)	(292,642)	(2,007,858)
OTHER FINANCING SOURCES (USES):						
Bond proceeds	. . . .	71,932	15,030	723,832	. . . .	810,794
Refunding bond proceeds	. . . .	. . . .	85,101	. . . .	. . . .	85,101
Operating transfers in—Note H	395,152	483,298	887,105	150,225	11	1,915,791
Operating transfers out—Note H	(973,088)	(998,369)	(45,667)	(273,306)	. . . .	(2,290,430)
Payment to refunded bond escrow agent	. . . .	. . . .	(85,101)	. . . .	. . . .	(85,101)
Capital lease and installment purchase obligations	4,582	5,737	. . . .	. . . .	. . . .	10,319
NET OTHER FINANCING SOURCES (USES)	(573,354)	(437,402)	856,468	600,751	11	446,474
REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	(1,076,583)	(146,826)	(14,205)	(31,139)	(292,631)	(1,561,384)
FUND BALANCES (DEFICIT), JULY 1, 1990	(119,776)	771,419	145,983	280,432	2,169,554	3,247,612
RESIDUAL EQUITY TRANSFERS—NOTE H	215,423	(10,967)	. . . .	(34,696)	. . . .	169,760
FUND BALANCES (DEFICIT), JUNE 30, 1991	$ (980,936)	$ 613,626	$ 131,778	$ 214,597	$ 1,876,923	$ 1,855,988

— See notes to financial statements. —

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED/UNDESIGNATED FUND BALANCES— BUDGET AND ACTUAL (BUDGETARY BASIS)

General and Budgeted Special Revenue Funds

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
State Programs:						
Taxes, net of refunds	$11,717,353	$10,989,206	$ (728,147)	$ 948,601	$ 942,210	$ (6,391)
Lottery receipts	....	....	....	844,190	809,825	(34,365)
Liquor store profits transfer	25,700	38,000	12,300	....	....	....
Licenses and fees	55,000	46,141	(8,859)	470,997	460,526	(10,471)
Fines, penalties and interest	19,800	26,062	6,262	....	....	....
Departmental services	928,648	928,648	....	79,085	79,085	....
Other	342,326	308,953	(33,373)	121,822	102,473	(19,349)
TOTAL STATE PROGRAMS	13,088,827	12,337,010	(751,817)	2,464,695	2,394,119	(70,576)
Federal Programs	4,795,155	4,519,340	(275,815)	735,322	546,706	(188,616)
TOTAL REVENUES	17,883,982	16,856,350	(1,027,632)	3,200,017	2,940,825	(259,192)
EXPENDITURES:						
State Programs:						
General government	1,148,795	1,101,862	46,933	531,888	474,705	57,183
Protection of persons and property	1,142,323	1,131,844	10,479	193,583	191,237	2,346
Public health and welfare	4,565,276	4,511,652	53,624	735,116	727,048	8,068
Public education	5,981,965	5,901,006	80,959	5,196	4,757	439
Conservation of natural resources	234,759	214,633	20,126	....	....	....
Economic development and assistance	112,533	108,081	4,452	....	....	....
Transportation	252,945	247,034	5,911	1,209,118	1,159,402	49,716
TOTAL STATE PROGRAMS	13,438,596	13,216,112	222,484	2,674,901	2,557,149	117,752
Federal Programs	4,795,155	4,519,340	275,815	735,322	546,706	188,616
TOTAL EXPENDITURES	18,233,751	17,735,452	498,299	3,410,223	3,103,855	306,368
REVENUES UNDER EXPENDITURES	(349,769)	(879,102)	(529,333)	(210,206)	(163,030)	47,176
OTHER FINANCING SOURCES:						
Prior year lapses	75,276	75,276	....	41,468	41,468	....
Transfer — Pennsylvania Industrial Development Fund	214,000	214,000	....	....	....	....
TOTAL OTHER FINANCING SOURCES	289,276	289,276	....	41,468	41,468	....
REVENUES AND OTHER SOURCES UNDER EXPENDITURES	(60,493)	(589,826)	(529,333)	(168,738)	(121,562)	47,176
UNRESERVED/UNDESIGNATED FUND BALANCES (BUDGETARY BASIS), JULY 1, 1990	136,183	136,183	....	232,530	232,530	....
UNRESERVED/UNDESIGNATED FUND BALANCES (DEFICIT), (BUDGETARY BASIS), JUNE 30, 1991 - NOTE M	$ 75,690	$ (453,643)	$ (529,333)	$ 63,792	$ 110,968	$ 47,176

— *See notes to financial statements.* —

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
All Proprietary Fund Types and Pension Trust Funds

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	
	Enterprise	Internal Service	Pension Trust—Note I	Totals (Memorandum Only)
OPERATING REVENUES:				
Sales and services	$ 1,374,846	$ 38,390	$	$ 1,413,236
Investment income	205,134	....	1,329,888	1,535,022
Interest on notes and loans	258,866	....	....	258,866
Pension contributions	....	....	2,068,231	2,068,231
Other	12,353	36	....	12,389
TOTAL OPERATING REVENUES	1,851,199	38,426	3,398,119	5,287,744
OPERATING EXPENSES:				
Cost of sales and services	1,587,028	34,767	19,912	1,641,707
Interest expense	264,790	....	1,905	266,695
Depreciation	76,180	5,380	1,116	82,676
Bad debts	27,068	....	....	27,068
Benefit payments and refunds	....	....	1,554,641	1,554,641
TOTAL OPERATING EXPENSES	1,955,066	40,147	1,577,574	3,572,787
OPERATING INCOME (LOSS)	(103,867)	(1,721)	1,820,545	1,714,957
NONOPERATING REVENUES (EXPENSES):				
Investment income	29,912	1,463	....	31,375
Interest expense	(8,702)	2	....	(8,700)
Policyholder dividends	(53,915)	....	....	(53,915)
Other	(8,526)	163	....	(8,363)
NONOPERATING REVENUES (EXPENSES), NET	(41,231)	1,628	....	(39,603)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(145,098)	(93)	1,820,545	1,675,354
OPERATING TRANSFERS:				
Operating transfers in—Note H	192,952	....	7,775	200,727
Operating transfers out—Note H	(159,428)	....	(15,361)	(174,789)
OPERATING TRANSFERS, NET	33,524	....	(7,586)	25,938
NET INCOME (LOSS)	(111,574)	(93)	1,812,959	1,701,292
RETAINED EARNINGS/FUND BALANCES, AS RESTATED, JULY 1, 1990—NOTE C	1,782,165	30,557	25,670,354	27,483,076
RESIDUAL EQUITY TRANSFER—NOTE H	(5,000)	....	....	(5,000)
RETAINED EARNINGS/FUND BALANCES, JUNE 30, 1991	$ 1,665,591	$ 30,464	$27,483,313	$29,179,368

— See notes to financial statements. —

COMBINED STATEMENT OF CASH FLOWS
All Proprietary Fund Types

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Proprietary Fund Types		
	Enterprise	**Internal Service**	**Totals (Memorandum Only)**
CASH USED FOR OPERATIONS:			
Operating loss	$ (103,867)	$ (1,721)	$ (105,588)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	76,180	5,380	81,560
Amortization	4,062	. . . .	4,062
Provision for uncollectible accounts	27,068	. . . .	27,068
Change in assets and liabilities:			
Increase in receivables	(584,146)	(60)	(584,206)
(Increase)/decrease in due from other funds	7,216	(1,893)	5,323
(Increase)/decrease in due from other governments	(861)	318	(543)
Decrease in inventory	11,857	850	12,707
(Increase)/decrease in other assets	(8,754)	42	(8,712)
Increase in accounts payable and accrued liabilities	45,051	1,260	46,311
Increase/(decrease) in due to other funds	2,187	(7,305)	(5,118)
Increase/(decrease) in due to other governments	(7,530)	3	(7,527)
Increase/(decrease) in deferred revenue	8,135	(104)	8,031
Increase in insurance loss liability	99,241	. . . .	99,241
Increase/(decrease) in other liabilities	9,716	(46)	9,670
Total adjustments	(310,578)	(1,555)	(312,133)
NET CASH USED FOR OPERATING ACTIVITIES	(414,445)	(3,276)	(417,721)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds from issuance of notes payable and revenue bonds	635,405	. . . .	635,405
Principal paid on notes payable and revenue bonds	(333,791)	. . . .	(333,791)
Interest paid on notes payable and revenue bonds	(1)	. . . .	(1)
Operating transfers in	192,952	. . . .	192,952
Operating transfers out	(159,428)	. . . .	(159,428)
Residual equity transfer out	(5,000)	. . . .	(5,000)
Decreases in contributed capital	(209,953)	. . . .	(209,953)
Nonoperating revenues	. . . .	170	170
Nonoperating expenses	(8,526)	. . . .	(8,526)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	111,658	170	111,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of revenue bonds	118,631	. . . .	118,631
Principal paid on revenue bonds	(64,135)	. . . .	(64,135)
Interest paid on revenue bonds	(70,452)	(34)	(70,486)
Increases in contributed capital	70,610	. . . .	70,610
Decreases in contributed capital	(10,408)	. . . .	(10,408)
Acquisition and construction of capital assets	(327,112)	(2,949)	(330,061)
Proceeds from sale of capital assets	90	478	568
(Gain)/loss on disposition of capital assets	(60)	35	(25)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(282,836)	(2,470)	(285,306)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(18,117,249)	(47,793)	(18,165,042)
Proceeds from sale and maturities of investments	18,633,226	51,807	18,685,033
Investment income	94,698	1,587	96,285
Investment expense	(120)	(43)	(163)
NET CASH PROVIDED BY INVESTING ACTIVITIES	610,555	5,558	616,113
NET INCREASE/(DECREASE) IN CASH	24,932	(18)	24,914
CASH, JULY 1, 1990	21,878	459	22,337
CASH, JUNE 30, 1991	**$ 46,810**	**$ 441**	**$ 47,251**

— See notes to financial statements. —

COMBINED STATEMENT OF CHANGES IN FUND BALANCES
College and University Funds

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Current Funds				Plant Funds				
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Totals
REVENUES AND OTHER ADDITIONS:									
Unrestricted current funds	$ 401,599	$	$	$	$	$	$	$	$ 401,599
Gifts and bequests	....	2,762	....	286	155	....	....	768	3,971
Grants and contracts	....	80,460	140	....	629	32	5	....	81,266
Federal advances	....	....	1,224	....	....	....	....	....	1,224
Endowment income	....	428	1	1	....	....	....	....	430
Investment income	....	284	104	....	2,295	69	1,408	....	4,160
Interest on loans receivable	....	....	608	....	....	....	....	....	608
Expended for plant facilities — Net of disposals (including $7,352 charged to current funds expenditures)	....	....	....	....	....	....	....	54,390	54,390
Retirement of indebtedness	....	....	....	....	....	....	....	10,576	10,576
Other	....	....	....	48	....	3,988	746	....	4,782
TOTAL REVENUES AND OTHER ADDITIONS	401,599	83,934	2,077	335	3,079	4,089	2,159	65,734	563,006
EXPENDITURES AND OTHER DEDUCTIONS:									
Educational and general	605,317	86,280	....	....	....	....	....	....	691,597
Auxiliary enterprises	95,083	173	....	....	....	....	....	....	95,256
Loan cancellations	....	....	531	....	....	....	....	....	531
Administrative and collection costs	....	....	336	....	....	....	....	....	336
Expended for plant facilities	....	....	....	....	13,196	10,734	760	27,385	52,075
Depreciation on plant facilities	....	....	....	....	....	....	....	21,221	21,221
Retirement of indebtedness	....	....	....	....	....	....	10,576	....	10,576
Interest on indebtedness	....	....	....	....	29	....	5,405	....	5,434
Other	....	1,411	119	....	....	....	....	14,311	15,841
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	700,400	87,864	986	....	13,225	10,734	16,741	62,917	892,867
TRANSFER AND ALLOCATION AMONG FUNDS — ADDITIONS (DEDUCTIONS):									
Mandatory:									
Principal and interest	(12,928)	(80)	....	....	(720)	(265)	13,993	....	....
Other	(1,528)	(58)	....	58	....	1,528	....	....	....
Nonmandatory:									
Operating transfers in from General Fund	337,882	4,284	....	....	155	3,794	....	....	346,115
Other	(39,055)	(14)	....	135	18,706	7,014	13,214	....	....
TRANSFERS AND ALLOCATIONS, NET	284,371	4,132	....	193	18,141	12,071	27,207	....	346,115
NET INCREASE (DECREASE) FOR THE YEAR	(14,430)	202	1,091	528	7,995	5,426	12,625	2,817	16,254
FUND BALANCES, AS RESTATED, JULY 1, 1990-NOTE C	22,077	9,639	22,032	5,223	22,624	29,405	19,800	201,667	332,467
FUND BALANCES, JUNE 30, 1991	$ 7,647	$ 9,841	$ 23,123	$ 5,751	$ 30,619	$ 34,831	$ 32,425	$ 204,484	$ 348,721

— See notes to financial statements. —

COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

College and University Funds

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)		
	Unrestricted	**Restricted**	**Total**
REVENUES:			
Tuition and fees	$ 263,713	$	$ 263,713
Government grants and contracts:			
State and local	217	29,266	29,483
Federal	1,126	48,143	49,269
Private gifts, grants and contracts	2,420	5,846	8,266
Investment income	14,682	208	14,890
Endowment income	41	363	404
Activities of educational departments	996	108	1,104
Other sources	13,812	. . . .	13,812
Auxiliary enterprises	104,592	. . . .	104,592
TOTAL REVENUES	401,599	83,934	485,533
EXPENDITURES AND MANDATORY TRANSFERS:			
EXPENDITURES:			
Educational and general:			
Instruction	306,978	5,143	312,121
Research	606	1,376	1,982
Public service	6,011	10,439	16,450
Academic support	68,429	3,664	72,093
Student services	51,894	2,867	54,761
Operations and maintenance of plant	74,473	363	74,836
General institutional support	91,183	3,216	94,399
Student aid	5,743	59,212	64,955
TOTAL EDUCATIONAL AND GENERAL	605,317	86,280	691,597
Auxiliary enterprises	95,083	173	95,256
TOTAL EXPENDITURES	700,400	86,453	786,853
MANDATORY TRANSFERS:			
Renewal and replacement	1,528	. . . .	1,528
Principal and interest	10,292	80	10,372
Other	31,161	58	31,219
TOTAL MANDATORY TRANSFERS	42,981	138	43,119
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	743,381	86,591	829,972
OPERATING TRANSFERS, OTHER TRANSFERS AND DEDUCTIONS:			
Operating transfers in from General Fund	337,882	4,284	342,166
Other transfers	(10,530)	(14)	(10,544)
Deductions	. . . .	(1,411)	(1,411)
OPERATING TRANSFERS, OTHER TRANSFERS AND DEDUCTIONS, NET	327,352	2,859	330,211
NET INCREASE (DECREASE) IN FUND BALANCES	$ (14,430)	$ 202	$ (14,228)

— See notes to financial statements. —

COMMONWEALTH OF PENNSYLVANIA

NOTE A—FINANCIAL REPORTING ENTITY

For financial reporting purposes, in conformity with generally accepted accounting principles (GAAP), the Commonwealth includes all funds, agencies, boards, commissions and authorities over which the Commonwealth's executive or legislative branches exercise oversight responsibility. Oversight responsibility of the Commonwealth was determined on the basis of budget adoption, tax authority, funding, outstanding debt secured by revenues of the Commonwealth and authority to appoint an organization's governing board. The organization's scope of service and financing relationship with the Commonwealth were also considered in determining which organizations to include in the Commonwealth's financial reporting entity. The accompanying financial statements include all Commonwealth funds, agencies, boards and commissions required to submit an annual budget in accordance with Section 610 of the Administrative Code of 1929, as amended, and the following organizations:

Pennsylvania Higher Educational Facilities Authority
Pennsylvania Higher Education Assistance Agency
Pennsylvania Housing Finance Agency
Pennsylvania Industrial Development Authority
Pennsylvania Infrastructure Investment Authority
Pennsylvania Turnpike Commission
Public School Employes' Retirement System
State Employes' Retirement System
State Highway and Bridge Authority
State Public School Building Authority
State System of Higher Education

Certain independent charitable foundations and affiliated organizations of the State System of Higher Education, including alumni associations, trusts, student government associations, bookstores and science and research centers are not included in the Commonwealth financial reporting entity. Such foundations and organizations are separate and distinct from the respective universities — they are separately incorporated, have their own charters and are governed by representatives from the private sector. The foundations and affiliated organizations are responsible for their own daily operations, debt service, personnel and financial management.

The State-Related Universities listed below are not considered part of the reporting entity since they determine their own budgets without review or modification by the Commonwealth, have the power to fix and collect charges for their services, have the responsibility to fund their own deficits, dispose of their own surplus, exercise complete autonomy over fiscal and institutional matters and may issue debt which is neither a statutory nor a moral obligation of the Commonwealth:

Pennsylvania State University
Temple University
University of Pittsburgh
Lincoln University

The Pennsylvania Municipal Retirement System is excluded from the reporting entity because the System independently fixes and collects charges for providing municipal pension benefits, receives no funds from the Commonwealth, has no continuing policy-making affiliation with the Commonwealth and exercises complete autonomy over financial, operational and personnel matters.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or other resources together with all related liabilities and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with the fund's special regulations, restrictions or limitations. In the Commonwealth, funds are established by legislative enactment or in certain cases by administrative action.

NOTE B—Summary of Significant Accounting Policies (continued)

The Commonwealth has established the following fund categories, fund types and account groups:

Governmental Funds

General Fund — Accounts for all financial resources except those required to be accounted for in another fund. The General Fund is the Commonwealth's major operating fund.

Special Revenue Funds — Account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. Although included as a Special Revenue Fund, the State Lottery Fund reports on a basis of accounting which provides results which are the same as if the full accrual method of accounting were used, except for fixed assets and related depreciation, which are not reported.

Debt Service Funds — Account for the accumulation of resources, principally transfers from other funds, for the payment of general long-term debt principal and interest.

Capital Projects Funds — Account for financial resources to be used for the acquisition or construction of major capital facilities, including those provided to political subdivisions and other public organizations (other than those financed by Proprietary or Fiduciary Funds).

Proprietary Funds

Enterprise Funds — Account for operations that are financed and operated in a manner similar to private business enterprises. Costs of providing goods and services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges. The State Workmen's Insurance Fund is included for its fiscal year ended December 31, 1990, the Pennsylvania Turnpike Commission for its fiscal year ended May 31, 1991 and the State Stores Fund for its 52 week period ended June 25, 1991.

Internal Service Funds — Account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis. The Manufacturing Fund is included for its fiscal year ended June 24, 1991.

Fiduciary Funds

Trust and Agency Funds — Account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Funds, Pension Trust Funds and Agency Funds. The State Employes' Retirement System, a Pension Trust Fund, and the Deferred Compensation Fund, an Agency Fund, are included for their fiscal years ended December 31, 1990.

Account Groups

General Fixed Assets Account Group — Accounts for all general fixed assets acquired or constructed for use by the Commonwealth in the conduct of its activities, except those accounted for in Proprietary Funds, Pension Trust Funds, and College and University Funds.

General Long-Term Obligations Account Group — Accounts for all long-term obligations of the Commonwealth, except those accounted for in Proprietary Funds and College and University Funds.

College and University Funds

Account for the operations of the Office of the Chancellor and the 14 state-owned universities, which comprise the State System of Higher Education, in accordance with existing authoritative accounting and reporting principles applicable to colleges and universities. Accordingly, the College and University Funds are an aggregation of the following funds:

Current Funds—Unrestricted — Account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the universities and have not been designated by the governing body for any other purpose.

NOTE B—Summary of Significant Accounting Policies (continued)

Current Funds—Restricted — Account for resources received from donors or other outside agencies that are restricted by them for specific operating purposes.

Loan Funds — Account for resources available for loans to students, faculty or staff.

Endowment and Similar Funds — Consist of endowment funds, term endowment funds and quasi-endowment funds.

Endowment Funds — Account for resources which the donor has stipulated, as a condition of the gift instrument, that the principal amount would be maintained inviolate and in perpetuity for investment. Investment earnings may be added to the principal or expended for restricted or unrestricted purposes, based on the donor's stipulation.

Term Endowment Funds — Account for resources, all or a part of the principal of which may be expended upon the passage of time or the occurrence of a particular event.

Quasi-Endowment Funds — Account for resources that the governing board of an institution, rather than an outside source, has determined will be retained and invested. Since this is an internal designation, the Board of Governors has the right to expend the principal of these funds at any time.

Plant Funds — Account for (a) resources available to acquire or repair institutional properties and to service debt incurred to acquire such properties and (b) the cost of fixed assets and the source from which the cost is funded.

Agency Funds — Account for resources held by the institution acting in the capacity of an agent for distribution to designated beneficiaries.

Measurement Focus and Basis of Accounting (GAAP): The general, special revenue, debt service, capital projects funds (Governmental Fund Types) and expendable trust funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Assets and liabilities of agency funds are reported using the modified accrual basis of accounting. Under this measurement focus only current assets and current liabilities are normally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Fund balance represents a measure of "available spendable resources." Under the modified accrual basis of accounting, revenues of governmental and expendable trust funds are recognized in the year that they become both measurable and available (within 60 days of fiscal year-end) to pay current fiscal year liabilities. The Commonwealth accrues the following major revenue sources that are both measurable and available:

> Sales and use taxes, cigarette taxes, corporation taxes, personal income taxes, liquid fuels taxes, liquor taxes, grant revenues, investment income, institutional revenues, lottery revenues and sales of goods and services.

Revenues from other sources are recognized when received. Expenditures are generally recognized in the fiscal year the goods or services are received and the related fund liability is incurred. Debt service expenditures for principal and interest on general long-term obligations are recognized when due unless resources have been provided for payment early in the subsequent fiscal year. Prepaid items and inventory purchases are reported as current fiscal year expenditures, rather than allocating cost to the fiscal year when the items are used. Expenditures for claims, judgments, compensated absences and employer pension contributions are reported as the amount accrued during the fiscal year that normally would be liquidated with expendable available financial resources.

NOTE B—Summary of Significant Accounting Policies (continued)

The enterprise, internal service (Proprietary Fund Types) and pension trust funds are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) consists of contributed capital and retained earnings. Under the accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred.

The College and University Funds are reported using the "financial flow" (spending) measurement focus and the accrual basis of accounting. This treatment is in accordance with the National Association of College and University Business Officers' (NACUBO) *College and University Business Administration (1982)* and the American Institute of Certified Public Accountants' (AICPA) *Audits of Colleges and Universities (1975)* for institutions of higher education.

Basis of Accounting (Budgetary). The Commonwealth's Constitution requires that the Governor submit a budget annually to be adopted by the General Assembly for the ensuing fiscal year. The General Assembly may add, change or delete any items in the budget proposed by the Governor, but the Governor retains veto power over the individual appropriations passed by the legislature. The Governor may also reduce individual appropriations, but may not increase them. A gubernatorial veto can be overridden only by a two-thirds majority of each House of the General Assembly.

The Commonwealth's budgets are prepared essentially on a cash basis. Total appropriations enacted by the General Assembly may not exceed the ensuing fiscal year's estimated revenues, as developed by the Governor, plus (less) the unappropriated fund balance (deficit) of the preceding fiscal year, except for constitutionally authorized debt service payments.

Budgetary control is exercised at the appropriation level (legislative spending authority level). Encumbrances and expenditures cannot exceed appropriated amounts. Appropriation transfers between departments and any supplemental appropriations require both executive and legislative branch approval. Unencumbered and unexpended appropriations lapse at fiscal year end and become available for appropriation in the subsequent year. On the budgetary basis of accounting, certain estimated tax revenue accruals are recorded at fiscal year end for the General Fund and the Motor License Fund, a Special Revenue Fund. Accruals include sales and use taxes and personal income taxes, both applicable to the General Fund, and liquid fuels taxes applicable to the Motor License Fund, which are estimated to be owed to the Commonwealth but not collected at fiscal year end. Also, estimated encumbrances are established for all funds at fiscal year end to pay certain direct expenditures for salaries, wages, travel, and utility costs payable against current year appropriation authority but expended in the subsequent year. Over-estimates of prior year encumbrances are lapsed in the subsequent year and under-estimates are charged to subsequent year appropriation authority. A separate document, "Status of Appropriations" for the fiscal year ended June 30, 1991 reports the level of legal control at the appropriation level for specific departmental programs and functions, and is available from the Commonwealth's Office of the Budget.

Budgets are legally adopted each fiscal year for the following funds:

- General Fund
- Special Revenue Funds:
  - State Lottery
  - Motor License
  - Workmen's Compensation Administration
  - State Public School Building Authority

The legally adopted budget for the General Fund includes $176.5 million in supplemental appropriations approved during the fiscal year ended June 30, 1991.

NOTE B—Summary of Significant Accounting Policies (continued)

Not all Special Revenue Funds are controlled by legally adopted budgets. Controls over spending in such Special Revenue Funds are maintained by use of spending limits (executive authorizations) established by the Governor.

The Commonwealth also makes appropriations to authorize expenditures for various capital projects. Appropriations for capital projects normally remain in effect until the completion of each project unless modified or rescinded.

Budget revenues in the accompanying Combined Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances — Budget and Actual (Budgetary Basis) represent official estimates while expenditures represent amounts originally adopted and legally amended. Actual amounts are presented on the budgetary basis. Because the budgetary basis of accounting differs from GAAP, a reconciliation of the differences between budgetary basis and the GAAP basis of reporting is presented in Note M.

Pooled Cash: In accordance with the Pennsylvania Fiscal Code, cash balances of most Commonwealth funds are pooled by the Treasury Department. Cash balances are segregated by fund, but accounted for centrally for receipt and disbursement purposes. The law requires that collateral be pledged by banks and other financial institutions to guarantee the Commonwealth's cash on deposit.

Temporary Investments: Investments expected to be realized in cash within twelve months or less are reported as temporary investments. These investments include cash equivalents, which have original maturity dates of three months or less, are readily convertible to known amounts of cash and are subject to an insignificant amount of changes in interest rates. No investments which could be defined as cash equivalents have been treated as such on the Statement of Cash Flows, therefore, net changes in cash only are displayed. Temporary investments are stated at cost, which approximates market.

Long-Term Investments: Investments expected to be realized in cash after twelve months are reported as long-term investments. Long-term investments are stated at cost for equity securities and at amortized cost for debt securities, except for various investments of the State Employes' Retirement System and the Deferred Compensation Fund, which are stated at market value.

Grants: Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures or expenses are incurred.

Inventories: Inventories of goods, materials and supplies are maintained by the Proprietary and College and University Funds. These inventories are valued at the lower of cost or market (first-in, first-out) for Proprietary and weighted average for College and University Funds. In the governmental fund types, inventories are accounted for on the purchases method.

Fixed Assets and Depreciation: General fixed assets are reported at cost or estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. Public domain general fixed assets (including highways, bridges, highway land and rights-of-way) are not capitalized. No depreciation is provided on general fixed assets. Land and buildings used by the State System of Higher Education (SSHE), which were acquired or constructed before July 1, 1983, the inception date for the SSHE, are reported in the Commonwealth's General Fixed Assets Account Group. All general fixed assets acquired or constructed by the SSHE subsequent to June 30, 1983 without the use of university funds or incurrence of the SSHE debt are also reported in the Commonwealth's General Fixed Assets Account Group. This accounting treatment is used to conform to the enabling legislation for the SSHE, which includes the vesting of title for the SSHE property.

Fixed assets related to Proprietary and Pension Trust Funds are reported in those funds at cost or estimated historical cost. Depreciation is reported on a straight-line basis over the fixed assets' estimated useful lives. The following lives are used:

Buildings	10-50 years
Improvements other than buildings	5-50 years
Furniture, machinery and equipment	3-25 years

Fixed assets reported by the SSHE are stated at cost. Depreciation of SSHE fixed assets is recognized over the estimated useful life of the assets.

NOTE B—Summary of Significant Accounting Policies (continued)

Amounts Available in Commonwealth Funds: The amount available for retirement of Other General Long-Term Obligations in the amount of $13.3 million is reported in the Workmen's Compensation Security Trust Fund, an Expendable Trust Fund, as Fund Balance "Designated—Other" at June 30, 1991.

Insurance Loss Liability: The insurance loss liability represents an estimate of the ultimate net costs of unpaid claims relating to policyholders of the State Workmen's Insurance Fund, an Enterprise Fund. These loss reserves are discounted at a 6 percent rate.

Self-Insurance: The Commonwealth is uninsured for property losses and self-insured for employe disability and tort claims. Reporting of self-insurance liabilities is described in Note O.

Compensated Absences: Employes accumulate annual leave based on 2 percent to 10 percent of regular hours paid to a maximum of 45 days. Employes are paid for accumulated annual leave upon termination or retirement.

Employes accumulate sick leave based on 5 percent of regular hours paid to a maximum of 200 days. Retiring employes that meet service, age or disability requirements are paid for 30 percent of their accumulated unused sick leave.

Accumulated annual and sick leave liability payable in subsequent fiscal years from Governmental Funds and Expendable Trust Funds are reported in the General Long-Term Obligations Account Group. Proprietary, Pension Trust, and College and University Funds accrue annual and sick leave in the fiscal year earned.

Pension Costs: The Commonwealth's policy is to fund pension costs incurred and to amortize prior service costs over varying periods not exceeding 30 years.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded as a reserve of the applicable appropriation, is employed as an extension of formal budgetary integration in the Commonwealth's accounting system. Encumbrances outstanding at fiscal year end are reported as reservations of fund balance for subsequent year expenditures.

Reserves and Designations: Reserves represent portions of fund balances that are legally segregated for a specific future use or are not appropriable for expenditure.

The amount reserved for advances in the General Fund is applicable to a demand loan to the State Stores Fund, an advance to the State Workmen's Insurance Fund, both Enterprise Funds, and an advance to the Motor License Fund, a Special Revenue Fund.

NOTE B—Summary of Significant Accounting Policies (continued)

Reserved retained earnings for Enterprise Funds are provided principally for the retirement of debt relating to the Pennsylvania Turnpike Commission, insurance claims relating to the State Workmen's Insurance Fund, student loans relating to the Pennsylvania Higher Education Assistance Agency, and housing loans relating to the Pennsylvania Housing Finance Agency. At June 30, 1991 the Commonwealth has included the following reservations of retained earnings for the Enterprise Funds (expressed in thousands):

Pennsylvania Turnpike Commission	$ 870,828
Pennsylvania Higher Education Assistance Agency	128,232
State Workmen's Insurance Fund	74,614
Pennsylvania Housing Finance Agency	25,268
Other funds	5,025
Total Enterprise Funds	$1,103,967

Designations of unreserved fund balances reflect managerial plans for the future use of financial resources. At June 30, 1991 the Commonwealth has included the following amounts as "Designated—Other" for the Special Revenue Funds and Expendable Trust Funds (expressed in thousands):

Special Revenue Funds:	
Land reclamation	$ 16,456
Energy conservation and development	4,345
Solid waste grants	3,739
Other	17
Total Special Revenue Funds	$ 24,557
Expendable Trust Funds:	
Workmen's Compensation Security Trust Claims	$ 13,318
Other	208
Total Expendable Trust Funds	$ 13,526

Intergovernmental Revenues: These amounts represent revenues received principally from the Federal Government.

NOTE B—Summary of Significant Accounting Policies (continued)

Interfund Transactions: The Commonwealth has the following types of transactions among funds:

> *Statutory Transfers (Operating Transfers)* — Legally required transfers that are reported when incurred as "Operating transfers in" by the recipient fund and as "Operating transfers out" by the disbursing fund.
>
> *Transfers of Expenditures (Reimbursements)* — Reimbursement of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.
>
> *Residual Equity Transfers* — Nonroutine or nonrecurring transfers between funds that are reported as additions to or deductions from the fund equity balance.
>
> *Interfund Payments (Quasi-external Transactions)* — Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the Commonwealth's interfund receivables and payables at June 30, 1991 is presented in Note H.

Totals—Memorandum Only: The "Totals (Memorandum Only)" columns represent an aggregation of the combined financial statement amounts of the fund types and account groups and are presented only for analytical purposes. These amounts are not comparable to a consolidation and do not represent the total resources available to or used by the Commonwealth. Interfund eliminations have not been made in the aggregation of the totals.

Statement of Cash Flows: The provisions of the Governmental Accounting Standards Board's Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting," were adopted during the current fiscal year. There were no material investing, capital and financing activities which did not result in cash receipts or cash payments during the fiscal year.

NOTE C—RESTATEMENTS/FUND BALANCE/RETAINED EARNINGS DEFICITS

The General Fund reported a fund balance deficit of $980.9 million at June 30, 1991. To eliminate this deficit, the Commonwealth has implemented cost containment measures and increases in the rates of tax imposed on personal income and corporate net income, as well as increases in public utility, cigarette and insurance company tax rates. The range of goods and services subject to sales and use tax has been expanded. These changes are part of legislation enacted in August, 1991.

The State Lottery Fund, a Special Revenue Fund, reported a fund balance deficit of $66.8 million at June 30, 1991. This deficit results from increasing expenditures for benefits for the elderly and stable lottery revenues. The Pharmaceutical Assistance Fund, a Special Revenue Fund, reported a fund balance deficit of $3.6 million at June 30, 1991. The Pennsylvania Economic Revitalization Fund, a Special Revenue Fund, reported an unreserved, undesignated, fund balance deficit of $40.7 million at June 30, 1991. The Agricultural Conservation Easement Purchase Fund, a Special Revenue Fund, reported a fund balance deficit of $545 thousand at June 30, 1991.

The Pennsylvania Infrastructure Investment Authority Redemption Fund, a Debt Service Fund, reported a fund balance deficit of $57 thousand at June 30, 1991.

The Capital Facilities Fund, an individual fund included in the Capital Projects fund type, reported a deficit unreserved/undesignated fund balance of $285,693 at June 30, 1991. This deficit was primarily caused by a fund balance reservation for encumbrances of $299,716. In total, the individual Capital Facilities Fund reported a fund balance of $14,023 at June 30, 1991. Total Capital Projects Funds reported reservations for encumbrances and long-term investments of $300,196 and $27,954, respectively, designations for capital projects of $172,140 and a deficit unreserved/undesignated fund balance of $285,693, for a total combined fund balance of $214,597 at June 30, 1991 (amounts in thousands).

The Catastrophic Loss Benefits Continuation Fund, an Expendable Trust Fund, reported a fund balance deficit of $42,650 thousand at June 30, 1991.

The Pennsylvania Infrastructure Investment Authority, an Enterprise Fund, reported contributed capital and a retained earnings deficit of $228,332 and $324, respectively, at June 30, 1990. These amounts have been restated and were decreased and increased, respectively, for net grant receipts and disbursements of $9,040. Also, retained earnings was decreased to recognize an allowance for potential loan losses of $2,959 and increased to recognize deferred loan origination costs of $1,302. As a result, restated contributed capital and retained earnings amount to $219,292 and $7,059, respectively, at June 30, 1990 (amounts in thousands).

The current funds unrestricted fund balance for College and University Funds at June 30, 1990 was $35,521 as originally reported. This amount has been decreased by $13,444 to properly state a liability related to a contracted sale of electricity. The June 30, 1990 fund balance, as restated, is $22,077 (amounts in thousands).

The fund balance of the College and University Funds' plant funds' investment in plant was $305,899, as originally reported, at June 30, 1990. This amount has been decreased by $104,232 to allow for the recognition of depreciation on fixed assets, and the restated fund balance at June 30, 1990 is $201,667 (amounts in thousands).

NOTES TO FINANCIAL STATEMENTS

NOTE D—DEPOSITS AND INVESTMENTS

Authority for Commonwealth deposits and investments: The deposit and investment policies of the Commonwealth's Treasury Department are governed by sections 301.1 and 505 of the Pennsylvania Fiscal Code (Act of 1929, P.L. 343, No. 176, amended November 16, 1985). Commonwealth deposits must be held in insured depositories approved by the Board of Finance and Revenue and must be fully collateralized. Permissible investments include direct obligations of the U.S. Treasury and U.S. Government agencies with maturities not exceeding two years; commercial paper rated "Prime One" by Moody's Credit Service or the equivalent by Standard and Poor's or Fitch's Rating Service; certificates of deposit issued by Pennsylvania banks or savings and loan associations; repurchase agreements secured by U.S. Government obligations that are held by the Treasury Department at the Federal Reserve bank; banker's acceptances; and up to a maximum of 10 percent of the book value of a fund's assets in any investment (other than common stock) not otherwise specifically authorized. It is also permissible for the Treasury Department to participate in reverse repurchase agreements.

In some cases, deposit and investment policies of certain individual funds and component units are established by statutes other than the Fiscal Code; however, all deposits, investments and reverse repurchase agreements of Commonwealth component units are specifically authorized by law.

In accordance with applicable statutory authority, the State Employes' Retirement System and the Public School Employes' Retirement System, Pension Trust Funds, have invested in common and preferred stocks, corporate and foreign bonds and notes, mortgages and real estate during their fiscal years.

Deposits: The following summary presents the amount of Commonwealth deposits which are fully insured or collateralized with securities held by the Commonwealth or its agent in the Commonwealth's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Commonwealth's name (Category 2) and those deposits which are not collaterized or are collaterized by the pledging financial institution or the pledging institution's trust department or agent, but not in the Commonwealth's name (Category 3) at June 30, 1991 (expressed in thousands).

	Category 1	Category 2	Category 3	Total Bank Balance	Carrying Amount
Cash	$ 367,546	$ 1,833	$55,239	$ 424,618	$ 142,399
Cash with fiscal agents	1,455,339	....	35,918	1,491,257	1,491,257
Certificates of deposit and related items	193,898	38,066	57,657	289,621	289,621

The above-listed $289,621 in certificates of deposit and related items is reported as temporary investments at June 30, 1991.

Investments: The Commonwealth categorizes investments according to the level of credit risk assumed by the Commonwealth. Category 1 includes investments that are insured, registered or held by the Commonwealth or the Commonwealth's agent in the Commonwealth's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the Commonwealth's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the Commonwealth's name. Certain investments have not been categorized because securities are not used as evidence of the investment. These uncategorized investments include ownership interests in mutual funds and in mortgage, real estate and venture capital pools. The following summary identifies the level of credit risk assumed by the Commonwealth and the total carrying amount and market value of Commonwealth investments at June 30, 1991 (expressed in thousands).

NOTE D—Deposits and Investments (continued)

	Carrying Amount				
	Category 1	Category 2	Category 3	Total	Market Value
Bankers acceptances	$	$	$ 11,868	$ 11,868	$ 11,868
Commercial paper	70,575	145,504	144,774	360,853	360,853
Common and preferred stock	8,266,548	....	624	8,267,172	9,212,967
Corporate bonds and notes	2,323,288	6,549	69,631	2,399,468	2,401,250
International fixed income	574,284	....	....	574,284	553,709
Mortgage loans	2,840,579	....	34,174	2,874,753	2,919,666
Real estate	225,200	....	....	225,200	181,458
Repurchase agreements	670,405	888,996	111,188	1,670,589	1,670,589
U.S. Government obligations	6,532,936	202,585	110,145	6,845,666	6,981,436
U.S. Government agency obligations	1,129,095	44,723	83,434	1,257,252	1,266,245
Other	993,411	....	715,429	1,708,840	1,699,251
Totals	$23,626,321	$ 1,288,357	$ 1,281,267	26,195,945	27,259,292

Add invested amounts not susceptible to credit risk categorization:		
Investment pools in which State Employes' Retirement System (SERS) participates at December 31, 1990:		
Mortgage loans	631,512	631,512
Mutual funds	2,914,984	2,914,984
Real estate	862,145	862,145
Venture capital	93,849	93,849
Securities loaned by SERS at December 31, 1990:		
U.S. Government Securities	724,117	724,117
Corporate bonds and notes	56,323	56,323
Common and preferred stocks	56,904	56,904
Venture capital pool and other pooled investments in which the Public School Employes' Retirement System participates at June 30, 1991	451,972	450,233
Mutual funds in which the Pennsylvania Housing Finance Agency participates at June 30, 1991	29,592	29,592
Pooled investments in which the Pennsylvania Higher Education Assistance Agency participate at June 30, 1991	102,031	102,031
	32,119,374	33,180,982
Certificates of deposit and related items	289,621	289,621
Securities sold under reverse repurchase agreements	125,531	126,475
Total temporary and long-term investments	$32,534,526	$33,597,078

The above-listed $289,621 in CD's are reported as investments at June 30, 1991 but have been treated as deposits for a determination of the level of credit risk associated with them. In addition, the Commonwealth participated in reverse repurchase agreements at June 30, 1991. The carrying amount of the securities sold was $125,531 and was collateralized by $126,475 in U.S. Government securities. Accrued interest owed to the counterparty was $76 and accrued interest receivable related to the collateral was $926.

Included in the above-listed $715,429 of "other" investments included in Credit Risk Category 3 are $607,162 of investments owned by the State Employes' Retirement System, the Deferred Compensation Fund and the State Workmen's Insurance Fund, which report their investments at December 31, 1990 in the State Treasury pool.

The Pension Trust Funds own approximately 100 percent of the common and preferred stock, 85 percent of the corporate bonds and notes, 99 percent of mortgage loans and 100 percent of the real estate reported in the above summary. There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 1991.

NOTE E—FIXED ASSETS

A summary of fixed assets by category at June 30, 1991 is as follows (expressed in thousands):

	Enterprise Funds	Internal Service Funds	Pension Trust Funds	General Fixed Assets Account Group	College and University Funds
Land	$ 67,825	$ 6	$	$ 216,446	$ 3,730
Buildings	61,319	2,761	....	2,071,541	107,328
Improvements other than buildings	51,540	376	....	152,482	14,485
Furniture, machinery and equipment	180,892	41,805	8,451	440,204	245,652
Turnpike infrastructure	1,255,576	....	....	....	....
Construction in progress	306,431	....	....	130,961	30,347
Total	$1,923,583	$ 44,948	$ 8,451	$ 3,011,634	$ 401,542

Changes in general fixed assets for the fiscal year ended June 30, 1991 are as follows (expressed in thousands):

	Balance June 30, 1990	Additions	Retirements	Balance June 30, 1991
Land	$ 209,026	$ 7,434	$ 14	$ 216,446
Buildings	2,050,093	22,047	599	2,071,541
Improvements other than buildings	152,017	465	....	152,482
Furniture, machinery and equipment	419,321	35,354	14,471	440,204
	2,830,457	65,300	15,084	2,880,673
Construction in progress	69,044	83,325	21,408	130,961
Totals	$2,899,501	$ 148,625	$ 36,492	$3,011,634

Interest costs of $9.5 million were capitalized for the Enterprise Funds for the fiscal year ended June 30, 1991.

The Commonwealth's initial valuation of general fixed assets was made as of June 30, 1986 using appraisal and historical cost reconstruction techniques. Subsequent to June 30, 1986 general fixed asset acquisitions are valued at cost. At June 30, 1991 the amount of general fixed assets related to the initial valuation amounts to $2,092 million.

Construction in progress included in the General Fixed Assets Account Group at June 30, 1991 is composed of the following (expressed in thousands):

Project	Project Authorization	Expended Through June 30, 1991	Authorization Available
Capitol Complex Buildings	$ 97,946	$ 49,198	$ 48,748
Department of Corrections Institutions	115,195	33,393	81,802
Colleges and Universities	50,449	15,634	34,815
Department of Public Welfare Institutions	39,083	9,752	29,331
Other	79,360	22,984	56,376
Total	$ 382,033	$ 130,961	$ 251,072

NOTE F—DUE FROM OTHER GOVERNMENTS

This receivable represents amounts due primarily from the Federal Government for various departmental programs.

NOTE G — TAXES, LOANS AND LEASE RENTAL RECEIVABLES

Taxes Receivable: Taxes receivable at June 30, 1991 consisted of the following (expressed in thousands):

	General Fund	Special Revenue Funds	Trust and Agency Funds	Total
Sales and use	$ 365,932	$	$	$ 365,932
Unemployment compensation	. . . .	. . . .	256,254	256,254
Personal income	124,525	. . . .	. . . .	124,525
Liquid fuels	. . . .	103,190	4,144	107,334
Corporation	61,265	. . . .	. . . .	61,265
Other	19,872	42,771	. . . .	62,643
	$ 571,594	$ 145,961	$ 260,398	$ 977,953

Loans Receivable: Loans receivable at June 30, 1991 consisted of the following (expressed in thousands):

	Special Revenue Funds	Enterprise Funds	College and University Funds	Total
Mortgage loan program	$	$1,758,640	$	$1,758,640
Student loan program	. . . .	1,123,465	25,580	1,149,045
Business development loan program	14,480	531,467	. . . .	545,947
Municipal water system loan program	57,013	304,087	. . . .	361,100
Nursing home loan program	32,580	. . . .	. . . .	32,580
Other loan programs	3,531	45,351	. . . .	48,882
	107,604	3,763,010	25,580	3,896,194
Less: Allowance for uncollectible accounts	3,091	81,609	3,797	88,497
Loans receivable, net	$ 104,513	$3,681,401	$ 21,783	$3,807,697

Lease Rentals Receivable: The Pennsylvania Higher Educational Facilities Authority and State Public School Building Authority finance construction projects for educational institutions through the issuance of bonds and other obligations, the principal and interest of which are paid through the collection of lease rental payments related to the projects. Also, the Capital Facilities Fund, a Capital Projects Fund, finances construction projects for educational institutions through the issuance of General Obligation Bonds, the principal and interest of which are paid through the collection of lease rental payments and deposited in their related debt service funds. The General State Authority, which no longer exists, formerly financed similar transactions. At the conclusion of the lease terms, the project facilities are conveyed to the educational institutions. Accordingly, these lease arrangements are classified as direct financing leases. Lease rental receivables and associated deferred revenue equal to the principal lease payments to be received are recorded in the Special Revenue and Debt Service Funds relating to these arrangements. The total minimum lease payments to be received was $2,770 million and the present value of the lease payments was $1,519 million at June 30, 1991, the difference representing interest of $1,251 million. Minimum lease payments for the five fiscal years succeeding June 30, 1991 are as follows (expressed in millions):

Fiscal Year Ending June 30	Amount
1992	$ 94
1993	143
1994	144
1995	131
1996	123

NOTES TO FINANCIAL STATEMENTS

NOTE H—INTERFUND ACCOUNTS/OPERATING TRANSFERS/RESIDUAL EQUITY TRANSFERS

A summary of interfund receivables and payables reported on the combined balance sheet at June 30, 1991 is as follows (expressed in thousands):

FUND TYPE/FUND	DUE FROM	DUE TO
General	$ 25,765	$478,585
Special Revenue:		
Fish and Game Fund	977	1,454
Water Facilities Loan Fund	....	1,002
Hazardous Sites Clean-up Fund	50,179	280
Motor License Fund	38,544	16,690
Vocational Rehabilitation Fund	156	3,188
Other Funds	318	6,998
	90,174	29,612
Debt Service	220	2,274
Capital Projects:		
Capital Facilities Fund	....	33,782
Land and Water Development Fund	27	90
	27	33,872
Enterprise:		
State Stores Fund	237	17,165
State Workmen's Insurance Fund	125	1,247
Other Funds	2,651	5,254
	3,013	23,666
Internal Service:		
Purchasing Fund	8,610	453
Manufacturing Fund	3,958	203
	12,568	656
Expendable Trust:		
Catastrophic Loss Benefits Continuation Fund	....	21,587
Unemployment Compensation Fund	3,351	....
Workmen's Compensation Security Trust Fund	21,500	17
Other Funds	1	....
	24,852	21,604
Pension Trust:		
State Employes' Retirement System	98,112	194
Public School Employes' Retirement System	285,656	415
	383,768	609
Agency	378	1,102
College and University	89,374	99,457
TOTAL	$630,139	$691,437

NOTE H—Interfund Accounts/Operating Transfers/Residual Equity Transfers (continued)

The amount of total interfund receivables of $630,139 does not agree with total interfund payables of $691,437 at June 30, 1991 due to different fiscal year ends for certain funds included in the combined balance sheet at June 30, 1991. The amounts shown as interfund accounts for the State Employes' Retirement System, a Pension Trust Fund, and the Deferred Compensation Fund, an Agency Fund, are as of their fiscal year end of December 31, 1990. The amounts shown for the State Workmen's Insurance Fund and the Pennsylvania Turnpike Commission, Enterprise Funds, are as of their respective fiscal year ends of December 31, 1990 and May 31, 1991. The following presents a reconciliation of interfund accounts reported at June 30, 1991 (expressed in thousands) and those amounts which would have been reported if all funds used the same fiscal year end:

Due from other funds - combined balance sheet at June 30, 1991	$630,139
State Workmen's Insurance Fund decrease in receivables from January 1, 1991 through June 30, 1991	(112)
State Employes' Retirement System increase in receivables from January 1, 1991 through June 30, 1991	59,354
DUE FROM OTHER FUNDS	$689,381
Due to other funds - combined balance sheet at June 30, 1991	$691,437
Deferred Compensation Fund decrease in payables from January 1, 1991 through June 30, 1991	(205)
State Employes' Retirement System decrease in payables from January 1, 1991 through June 30, 1991	(29)
State Workmen's Insurance Fund decrease in payables from January 1, 1991 through June 30, 1991	(747)
Pennsylvania Turnpike Commission decrease in payables from June 1, 1991 through June 30, 1991	(1,075)
DUE TO OTHER FUNDS	$689,381

NOTES TO FINANCIAL STATEMENTS

NOTE H—Interfund Accounts/Operating Transfers/Residual Equity Transfers (continued)

A summary of operating transfers reported for the fiscal year ended June 30, 1991 is as follows (expressed in thousands):

FUND TYPE/FUND	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT
General	$395,152	$ 973,088
Special Revenue:		
State Lottery Fund	. . . .	241,245
Motor License Fund	125,422	474,673
State Public School Building Authority	55,160	104,842
Pharmaceutical Assistance Fund	222,000	. . . .
Vocational Rehabilitation Fund	18,590	. . . .
Pennsylvania Economic Revitalization Fund	5,600	1,591
Pennsylvania Higher Educational Facilities Authority	52,869	149,501
Hazardous Sites Clean Up Fund	. . . .	7,000
Other Funds	3,657	19,517
	483,298	998,369
Debt Service:		
Land and Water Development Sinking Fund	36,351	. . . .
Water Facilities Loan Redemption Fund	14,723	. . . .
Capital Debt Fund	592,746	. . . .
Pennsylvania Higher Educational Facilities Authority	137,214	39,697
State Public School Building Authority	54,700	3,686
Disaster Relief Redemption Fund	10,276	. . . .
State Highway and Bridge Authority Sinking Fund	12,248	. . . .
Other Funds	28,847	2,284
	887,105	45,667
Capital Projects:		
Capital Facilities Fund	. . . .	120,785
Pennsylvania Higher Educational Facilities Authority	150,225	151,262
State Public School Building Authority	. . . .	1,180
Land and Water Development Fund	. . . .	79
	150,225	273,306
Enterprise Funds:		
State Workmen's Insurance Fund	. . . .	120,000
State Stores Fund	. . . .	39,428
Pennsylvania Higher Education Assistance Agency	186,452	. . . .
Pennsylvania Housing Finance Agency	6,500	. . . .
	192,952	159,428
Expendable Trust:		
State School Fund	11	. . . .
Pension Trust:		
State Employes' Retirement System	5,700	3,855
Public School Employes' Retirement System	2,075	11,506
	7,775	15,361
College and University	346,115	. . . .
TOTAL	$2,462,633	$2,465,219

NOTE H—Interfund Accounts/Operating Transfers/Residual Equity Transfers (continued)

The amount of total operating transfers in of $2,462,633 does not agree with total operating transfers out of $2,465,219 for the fiscal year ended June 30, 1991 due to different fiscal year ends for certain funds included in the financial reporting entity. The amounts shown as operating transfers for the State Employes' Retirement System, a Pension Trust Fund, and the State Workmen's Insurance Fund, an Enterprise Fund, are for their fiscal year end of December 31, 1990. The following presents a reconciliation of operating transfers reported in the financial statements to those transfer amounts which would have been reported if all funds used the same fiscal year end (expressed in thousands):

Total operating transfers in - all funds	$2,462,633
State Employes' Retirement System increase in operating transfers in from the period January 1, 1991 through June 30, 1991	5,806
TOTAL OPERATING TRANSFERS IN	$2,468,439
Total operating transfers out - all funds	$2,465,219
State Workmen's Insurance Fund increase in operating transfers out from the period January 1, 1991 to June 30, 1991	5,000
State Employes' Retirement System decrease in operating transfers out from the period January 1, 1991 to June 30, 1991	(1,780)
TOTAL OPERATING TRANSFERS OUT	$2,468,439

The Enterprise Funds provided $170 million in net residual equity transfers to governmental funds reported as reductions in Enterprise Funds' contributed capital and increases in governmental funds' fund balances. In addition, a $20 million net increase in contributed capital was reported by Enterprise Funds, resulting from funds received through general obligation bond proceeds and the Federal government less grants made to parties external to the Commonwealth.

The State Workmen's Insurance Fund (SWIF), an Enterprise Fund, reported a residual equity transfer of $5 million to the Sunny Day Fund, an Enterprise Fund, during SWIF's fiscal year ended December 31, 1990. The Sunny Day Fund reported this $5 million residual equity transfer as an increase in contributed capital during its fiscal year ended June 30, 1990.

NOTES TO FINANCIAL STATEMENTS

NOTE I—RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

PENSION SYSTEMS

The Commonwealth has contributory defined benefit pension plans covering substantially all state employes, public school employes and employes of certain other state-related organizations. State employes and employes of state-related organizations are members of the State Employes' Retirement System (SERS). Public school employes are members of the Public School Employes' Retirement System (PSERS).

The SERS follows the accounting and reporting requirements of the Financial Accounting Standards Board's (FASB) Statement 35 and the PSERS follows the National Council on Governmental Accounting's Statement 1. Both the SERS and the PSERS currently follow the disclosure requirements of the Governmental Accounting Standards Board's (GASB) Statement 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers". FASB Statement 35 provides authoritative guidance on accounting and financial reporting for defined benefit public employe retirement systems and GASB Statement 5 provides disclosure guidance. The following summaries present disclosure requirements for both the SERS and the PSERS for their fiscal years ended December 31, 1990 and June 30, 1991, respectively.

Since the SERS reports under the provisions of FASB Statement 35, a statement of changes in net assets available for benefits has not been presented separately. Financial information which would have been presented in such statement is included in the Combined Statement of Revenues, Expenses and Changes in Fund Balances for Pension Trust Funds.

STATE EMPLOYES' RETIREMENT SYSTEM

Plan Description: The SERS is the administrator of a cost-sharing multiple-employer retirement system established by the Commonwealth of Pennsylvania (Commonwealth) to provide pension benefits for employes of state government and certain independent agencies. At December 31, 1990 there were 112 participating state and independent agencies. At December 31, 1990 the actuarially-computed annualized covered payroll was $3,197 million. For the same period, the covered payroll for agencies included in the Commonwealth's financial reporting entity was $2,814 million, or 93 percent of total payroll of $3,012 million for the Commonwealth's financial reporting entity.

Membership in the SERS is mandatory for most state employes, members and employes of the legislature and certain elected persons in the executive branch. Certain other employes are not required but are given the option to participate. At December 31, 1990 the SERS membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employes entitled to benefits but not yet receiving benefits	77,840
Current employes:	
Vested	68,243
Nonvested	43,005
Total members	189,088

The SERS provides retirement, death, and disability benefits. Retirement benefits vest after 10 years of credited service. Employes who retire at age 60 or, if under age 60 with 35 years of service, are entitled to an unreduced annual retirement benefit. Members of the legislature and certain law enforcement officers can retire with full benefits at age 50.

The general annual benefit is 2 percent of the member's high-three year average salary times years of service. Members of the legislature who were members of the SERS before March 1, 1974 are entitled to a benefit of 7.5 percent of average salary for each year of legislative service. Judges are entitled to a benefit of 3 to 4 percent of average salary for each year of judicial service.

Covered employes are required by statute to contribute to the SERS at a rate of 5 percent of their gross pay except for employes hired on or after July 22, 1983 who contribute at a rate of 6.25 percent of their gross pay. Increased contributions are required of the previously noted legislators and judges (18.75 percent and 7.5 to 10 percent of gross pay, respectively) who are entitled to increased benefits. The contributions are recorded in an individually identified account which is also credited with interest, calculated quarterly to yield 4 percent per annum, as mandated by statute. Accumulated employe contributions and credited interest, which amounted to $1,855 million as of December 31, 1990, vest immediately and are returned upon termination of service if the employe is not eligible for other benefits.

NOTE I—Retirement and Other Postemployment Benefits (continued)

Participating agency contributions are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the SERS with assets sufficient to meet the benefits to be paid to SERS members. According to the retirement code, all obligations of the SERS will be assumed by the Commonwealth should the SERS terminate.

At December 31, 1990 the SERS owned 163,294,950 units of the Wells Fargo Bank Equity Index Fund P and 32,354,297 units of the Wells Fargo Asset Allocation Fund P, with respective carrying amounts of $1,638 million and $689 million. The Equity Index Fund represents 17 percent and the Asset Allocation Fund represents 7 percent of net SERS assets at December 31, 1990. The SERS owned no securities issued by the Commonwealth or related parties and made no loans to the Commonwealth or related parties during the year ended December 31, 1990.

Funding Status and Progress: The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employe service to date. The measure is the actuarial present value of credited projected benefits and is intended, on an ongoing basis, to facilitate the assessment of the SERS funding status and progress made in accumulating sufficient assets to pay benefits when due and to allow for appropriate comparison of this data among public employe retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the SERS as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation at December 31, 1990. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 9.25 percent per year compounded annually, (b) projected salary increases of 4 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 2.5 percent per year, attributable to merit/promotion, and (d) no postretirement benefit increases.

Net assets in excess of the pension benefit obligation at December 31, 1990 totalled $350 million as calculated below (expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving benefits	$3,554,545
Current employes:	
Accumulated member contributions with interest	1,855,312
Employer-financed, vested	3,776,219
Employer-financed, nonvested	350,255
Total pension benefit obligation	9,536,331
Net assets available for benefits (at market value)	9,885,900
Net assets in excess of pension benefit obligation	$ 349,569

Contributions: The SERS funding policy provides for periodic member contributions at statutory rates and employer contributions at actuarially determined rates (expressed as a percentage of annual gross pay) that are sufficient to accumulate assets to pay benefits when due. All required 1990 contributions were made.

NOTE I—Retirement and Other Postemployment Benefits (continued)

Employer contribution rates are determined using the entry age normal actuarial cost method, with amortization of the unfunded actuarial liability ($1,584 million) and of the supplemental annuities arising from cost of living and other adjustments over varying periods ending June 30, 2004. These rates are computed on a Commonwealth fiscal year basis such that employer contribution rates in effect for the SERS for 1990 reflect a blended average of those in effect through June 30, 1990 and subsequent to that date, as calculated based upon actuarial valuations prepared as of December 31, 1988 and December 31, 1989, respectively. The actuarially determined contribution requirement for the year ended December 31, 1990 consisted of (amounts in thousands):

	% of Current Covered Payroll	Amount
Employer normal cost	4.67	$147,070
Amortization of unfunded actuarial liability	5.87	184,861
Amortization of supplemental annuities	2.14	67,394
Total contribution requirement	12.68	$399,325

Member contributions amounted to $175 million, or 5.6 percent and employer contributions amounted to $419 million, or 13.3 percent, of total actual covered payroll of $3,149 million, for the year ended December 31, 1990. Total employer contributions of $419 million exceeded the above actuarially determined contribution requirement of $399 million due to employer contributions related to employe purchases of prior service cost and employer contributions related to the transfer of prior employe service from the Public School Employes' Retirement System to the SERS. Total employer contributions amounted to $407 million for the fiscal year ended June 30, 1991, of which $358 million relates to agencies included in the Commonwealth's financial reporting entity. The Commonwealth employer contributions of $358 million approximate 88 percent of total employer contributions of $407 million.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation as described above, except for a statutorily-required rate of return on investments of 5.5 percent per annum and certain revisions to salary increase assumptions.

THREE-YEAR HISTORICAL TREND INFORMATION

	Year Ended December 31		
	1990	**1989**	**1988**
Net assets available for benefits as a percentage of the pension benefit obligation applicable to covered employes	103.6%	111.4%	100.7%
Unfunded (assets in excess of) pension benefit obligation as a percentage of the SERS's annual covered payroll	(10.6)	(33.5)	(2.0)
Employer contributions to the pension plan as a percentage of annual covered payroll	13.1	13.8	13.8

All required contributions were made, in accordance with actuarially determined requirements, for each of the three years ended December 31, 1990, 1989 and 1988.

Ten-year historical trend information is available in separate financial reports issued by the SERS. These separately issued reports include information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE I—Retirement and Other Postemployment Benefits (continued)

The following information is presented in accordance with the reporting requirements of FASB Statement 35.

The calculation of actuarial liabilities under GASB Statement 5 (the pension benefit obligation presented above) differs principally by the consideration of future salary increases from the calculation required under FASB Statement 35 of the actuarial present value of accumulated plan benefits presented below.

The accumulated plan benefit information as of December 31, 1990 is as follows (expressed in thousands):

Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants currently receiving payments	$4,619,085
Other participants	4,026,829
	8,645,914
Nonvested benefits	134,783
Total	$8,780,697

Changes in accumulated plan benefits as of December 31, 1990 are as follows (expressed in thousands):

Actuarial present value of accumulated plan benefits at December 31, 1989	$8,268,430
Changes during the year attributable to:	
Passage of time	354,136
Plan provision changes	57,331
Change in salary assumptions	100,800
Net increase	512,267
Actuarial present value of accumulated plan benefits at December 31, 1990	$8,780,697

The significant actuarial assumptions used in the valuation of the actuarial present value of accumulated plan benefits as of December 31, 1990 are as follows:

Mortality	
Superannuation (normal retirement) and early retirement	The 1971 Group Annuity Mortality Table
Disability	Modifications of the 1965 Railroad Retirement Board Mortality among Totally Disabled Annuitants
Assumed rate of return on investments	7.25%

PUBLIC SCHOOL EMPLOYES' RETIREMENT SYSTEM

Plan Description: The Commonwealth of Pennsylvania Public School Employes' Retirement System (System) was established July 18, 1917 under the provision of P.L. 1043, No. 343. The System is a cost-sharing multiple-employer plan and its designated purpose is to provide retirement allowances and other benefits, including disability and death benefits, to members. As defined by GASB Statement 5, the Commonwealth is a non-employer contributor to the System.

Membership in the System is mandatory for substantially all full-time public school employes in the Commonwealth. Certain part-time employes are eligible for membership in the System. At June 30, 1991 there were 632 reporting units, generally school districts, and membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employes entitled to benefits but not yet receiving benefits	132,000
Current employes:	
Vested	125,000
Nonvested	76,000
Total members	333,000

NOTE I—Retirement and Other Postemployment Benefits (continued)

During the fiscal year ended June 30, 1991, the covered payroll for public school employes was $5,955 million. Total payroll for public school employes was substantially the same. The annualized covered payroll at June 30, 1990, the date of the most recent actuarial valuation, was $5,364 million.

Significant amendments to the System were made in the 1975 revision of the Pennsylvania Public School Employes' Retirement Code ("The Code") by the Pennsylvania General Assembly. Under the provisions of the Code, members are eligible for monthly retirement benefits upon reaching (a) age 62, (b) age 60 and 30 or more years of service, or (c) 35 or more years of service regardless of age. For the period expiring on September 30, 1993, the Code permits school employes with at least 30 years of credited service to retire without a reduction in benefits. This so-called "early retirement window" does not require a minimum age in conjunction with length of service for a member to be eligible for full benefits.

Funding Status and Progress: The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employe service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employe retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1990, the date of the most recent actuarial report. Significant actuarial assumptions used, which differ from those used for the June 30, 1989 valuation as a result of Act 23 of 1991, include (a) a rate of return on the investment of present and future assets of 8.50 percent per year compounded annually, (b) projected salary increases of 7.50 percent, including an allowance for inflation of 4 percent, National productivity of 1 percent and merit or seniority increases averaging 2.50 percent, (c) assets valued at cost, (d) no postretirement benefit increases assumed in the future, and (e) mortality, vesting, retirement age and withdrawal estimates based on tables furnished by the actuary.

At June 30, 1990 the unfunded pension benefit obligation was $3,598 million as follows (expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving benefits	$ 6,123,851
Current members:	
Accumulated member contributions with interest	3,271,575
System-financed vested	3,072,800
System-financed nonvested	7,015,416
Total pension benefit obligation	19,483,642
Net assets available for benefits, at cost (market value is $16,897,686)	15,885,767
Unfunded pension benefit obligation	$ 3,597,875

Ten-year historical trend information is available in separate financial reports issued by the System. These separately issued reports include information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE I—Retirement and Other Postemployment Benefits (continued)

Contributions: The contribution policy is set by the Code and requires contributions by active members, employers and the Commonwealth. The rate of contribution for most active members is set by statute at 5.25 percent of the member's compensation. For members joining the system on or after July 22, 1983 the rate of contribution is 6.25 percent. The contributions required of employers and the Commonwealth are based upon an actuarial valuation, using the "entry age normal" method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The combined amounts required from the employers and Commonwealth were 19.18 percent of active member payroll for the year ended June 30, 1991 and consisted of (amounts in thousands):

	% of Current Covered Payroll	Amount
Employer normal cost	8.28	$ 493,038
Amortization of unfunded actuarial accrued liability	7.31	435,279
Amortization of supplemental annuities	3.59	213,769
Total contribution requirement	19.18	$1,142,086

The employer and the Commonwealth equally share the cost of required contributions and all required contributions were made. For the fiscal year ended June 30, 1991 Commonwealth school districts contributed $571 million and the Commonwealth contributed $571 million to the System. The Commonwealth contribution approximates 10.6 percent of current covered payroll. Employe contributions of $311 million approximate 5.8 percent of covered payroll of $5,364 million for the year ended June 30, 1990, the most recent year for which actual amounts are available.

The System revised the economic assumptions used for the June 30, 1990 valuation. These revisions resulted in a reduction in the combined contribution rate amounting to 2.30 percent, effective July 1, 1991. Also, Act 23 of 1991 provides that employer contributions to amortize the unfunded liability on account of active members and supplemental annuity payments to annuitants are to be rescheduled over a period of 20 years from July 1, 1991, with each subsequent annual payment to be 5 percent greater than the previous fiscal year. This change reduced the combined contribution rate by 2.20 percent.

Also, a health insurance premium assistance program was established effective July 1, 1991 for all eligible annuitants who elect to participate. Under this provision an employer contribution rate of .50 percent for premium assistance is to be established for the fiscal year beginning July 1, 1991 in order to provide reserves in the Health Insurance Account as of June 30, 1992 which are sufficient for the payment of premium assistance during the fiscal year beginning July 1, 1992. Effective July 1, 1992 participating eligible annuitants are to receive premium assistance payments equal to the lesser of $55 per month or the actual monthly premium.

Effective July 1, 1991 the combined contribution rate was decreased to 14.90 percent of covered payroll. The rate of 14.90 percent is comprised of a pension contribution rate of 14.40 percent for pension benefits plus a health care contribution rate of .50 percent for health insurance premium assistance.

NOTE I—Retirement and Other Postemployment Benefits (continued)

A summary of the July 1, 1991 combined rate follows:

Combined contribution rate, July 1, 1990	19.18%
Less: system experience	(.28)
Less: revised economic assumptions	(2.30)
Less: revised amortization period for unfunded liability	(2.20)
Add: Health insurance premium assistance	.50
Combined contribution rate, July 1, 1991	14.90%

Based on the June 30, 1990 valuation, the unfunded actuarial liability is $5,028 million and the average funding period to amortize this liability is 20 years at July 1, 1991.

During the fiscal year ended June 30, 1991 the System owned no securities issued by school districts, the Commonwealth or any related parties and made no loans to school districts, the Commonwealth or any related party.

OTHER POSTEMPLOYMENT BENEFITS

The Commonwealth provides certain health care benefits for retired employes that meet specified length-of-service and age requirements. These benefits are provided as a result of negotiated union contracts and through administrative policy. These benefits are provided through insurance companies whose premiums are based on the benefits paid during the fiscal year. The Commonwealth recognizes the cost of providing these benefits as paid, which totalled $89 million for the fiscal year ended June 30, 1991. Approximately 47,000 individuals qualified for this benefit during the fiscal year.

Unemployment and workmen's compensation is provided for certain individuals in compliance with Federal and State law. These benefits are provided on a self-insured basis as claims are paid. During the fiscal year ended June 30, 1991 the cost for these benefits was $8.6 million and $60.5 million, respectively. Approximately 2,000 individuals received unemployment benefits and 3,000 individuals received workmen's compensation benefits.

Certain survivor, scholarship and disability benefits are provided to beneficiaries of state police officers killed in the line of duty. These benefits are provided through union contracts and approximately 60 individuals received these benefits during the fiscal year ended June 30, 1991 at a cost of $560 thousand.

Disability life insurance is provided to qualifying individuals through union contracts and administrative policy. During the fiscal year ended June 30, 1991 approximately 1,800 individuals received benefits at a cost of $350 thousand.

NOTE J—NOTES AND DEMAND REVENUE BONDS PAYABLE

The Pennsylvania Housing Finance Agency (PHFA), an Enterprise Fund, maintains a line of credit agreement with the Pennsylvania Treasury Department. Under the agreement, PHFA may borrow up to $20 million. At the time funds are drawn, interest rates are fixed at 2 points below the current prime rate as listed by Morgan Guaranty Bank of New York. These funds may be used for any and all purposes for which PHFA is lawfully established. As of June 30, 1991 PHFA had notes payable of $24.6 million bearing an interest rate of 8 percent.

The Pennsylvania Higher Education Assistance Agency (PHEAA), an Enterprise Fund, has $435.0 million of demand revenue bonds outstanding and $369.2 million of notes payable at June 30, 1991. Demand revenue bonds at June 30, 1991 consist of the following (expressed in thousands):

	Student Loan Adjustable Rate Tender Revenue Bonds 1988 Series D	Student Loan Adjustable Rate Tender Revenue Bonds 1988 Series B	Student Loan Adjustable Rate Tender Revenue Bonds 1988 Series A	Student Loan Adjustable Rate Tender Revenue Bonds 1986 Series A	Student Loan Revenue Bonds 1984 Series A
Amount issued	$75,000	$110,000	$100,000	$50,000	$100,000
Date of issue	12/23/88	7/29/88	1/28/88	12/15/86	7/19/84
Interest rate	4.375%	4.375%	4.375%	6.875%	4.0%
Due date	1/1/19	7/1/18	1/1/18	10/1/16	12/1/00
Letter of credit:					
Principal amount	$81,562	$119,625	$106,904	$53,500	$103,082
Expiration date	12/31/93	7/31/93	1/31/93	12/31/91	12/15/00

The 1988 bonds bear interest at an adjustable rate determined by PHEAA's remarketing agent based upon prevailing market conditions and is reset weekly. The 1986 bonds bear interest at an adjustable rate determined by PHEAA and its remarketing agent. The 1984 bonds bear interest at a fluctuating rate based on the remarketing rate of the J.J. Kenny Index and is also reset weekly. All bonds are subject to purchase, at par plus accrued interest, by PHEAA on the demand of the bondholders upon seven days prior irrevocable written notice. None of the letters of credit pertaining to PHEAA's demand revenue bonds have been used as of June 30, 1991. Subsequent to June 30, 1991 the 1986 bonds were remarketed. The interest rate was fixed at 7.05 percent through maturity and the requirement of PHEAA to purchase the bonds on demand was eliminated.

Notes payable for PHEAA at June 30,1991 consist of the following (expressed in thousands):

Dauphin County General Authority Revenue Bond. Interest is a weighted average rate of 6.8 percent. Interest is paid semi-annually on March 1 and September 1. Principal is due through 2009	$ 8,675
Amount due under revolving credit agreement dated February 1, 1991 through February 18, 1992. Interest rate at June 30, 1991 was 6.663 percent. Principal not to exceed $50 million. Secured by student loans	48,901
Unsecured note payable with interest rate at 7.4 percent, with annual payments of principal and interest through 1995	20,000
Note payable, interest at 13 week U.S. Treasury bill rate plus 1.25 percent (7.002 percent at June 30, 1991), security interest in student loans equal to the outstanding principal, due November 30, 1991	109,631
Note Purchase agreement dated as of May 1, 1990 through May 1, 1992. Interest is the 13 week Treasury bill rate plus .20 percent (5.95 percent at June 30, 1991), secured by investments and student loans	182,000
Total	$ 369,207

NOTE J—Notes and Demand Revenue Bonds Payable (continued)

Subsequent to June 30, 1991 the terms of the note purchase agreement dated May 1, 1990 were revised. The new terms permit borrowing up to $260 million which will be secured by student loans. The new maturity date will be July 1, 1993, but may be extended by mutual agreement of the PHEAA and the lender for two additional one year periods.

During the fiscal year ended June 30, 1991 the Commonwealth issued $430 million of tax anticipation notes and $970 million in commercial paper which matured on June 30, 1991. The $49 million of interest related to the notes and commercial paper is shown as a debt service expenditure in the General Fund.

The State System of Higher Education, College and University Funds, has $2.8 million of notes payable as of June 30, 1991 that are collateralized by an equivalent amount of equipment. The notes bear interest at rates ranging from 5 percent to 11.5 percent and mature in varying amounts through 1997. The scheduled principal payments for the notes outstanding at June 30, 1991 follow (expressed in thousands):

1992	$ 384
1993	386
1994	375
1995	387
Thereafter	1,261
Total	$2,793

NOTE K—LONG-TERM OBLIGATIONS

Long-term obligations of the Commonwealth at June 30, 1991 (May 31, 1991 for the Pennsylvania Turnpike Commission) and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Interest Rates	Maturity Dates Through	Bonds Authorized But Unissued	Balance July 1, 1990	Additions	Reductions	Balance June 30, 1991
ENTERPRISE FUNDS								
Revenue Bonds Payable From User Charges:								
Pennsylvania Higher Education Assistance Agency	1985-90	6.15- 8.35%	2020	$	$ 413,000	$	$	$ 413,000
Pennsylvania Housing Finance Agency	1976-91	3.60-14.50%	2028	. . . .	1,924,688	157,573	63,505	2,018,756
Pennsylvania Industrial Development Authority	1991	5.80- 7.00%	2011	. . . .	94,360	278,415	94,360	278,415
Pennsylvania Turnpike Commission	1986-89	5.65- 7.85%	2019	. . . .	1,065,240	60,000	64,135	1,061,105
Pennsylvania Infrastructure Investment Authority	1990	4.68%	2010	. . . .	. . . .	60,000	. . . .	60,000
				. . . .	3,497,288	555,988	222,000	3,831,276
Less: Bond discounts				. . . .	110,832	6,038	9,392	107,478
TOTAL ENTERPRISE FUNDS				$	$3,386,456	$ 549,950	$ 212,608	$3,723,798
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP								
General Obligation Bonds Payable From Tax Revenues:								
Capital Facilities	1968-91	4.15-10.75%	2011	$13,067,013	$3,680,660	$ 497,000	$ 379,645	$3,798,015
Disaster Relief	1973-89	4.91- 8.56%	2009	21,908	89,885	. . . .	5,735	84,150
Land and Water Development	1969-91	5.13-10.75%	2011	15,300	261,770	2,000	21,045	242,725
Nursing Home Loan Development	1975-86	5.30- 8.89%	2006	31,000	36,880	. . . .	4,105	32,775
Project 70 Land Acquisition	1970	6.26%	2000	. . . .	5,785	. . . .	415	5,370
Volunteer Companies Loan	1977-83	5.32-10.75%	2002	. . . .	14,895	. . . .	1,385	13,510
Vietnam Conflict Veterans Compensation	1969-74	5.36- 6.11%	2003	3,000	32,920	. . . .	2,645	30,275
Water Facilities Loan	1983-91	6.53- 9.83%	2011	153,000	99,205	11,000	11,795	98,410
Pennsylvania Economic Revitalization	1984-91	6.53- 8.86%	2011	62,000	31,580	55,000	6,965	79,615
State Highway and Bridge Authority	1968	2.75- 4.60%	1991	. . . .	19,135	. . . .	12,195	6,940
Pennsylvania Infrastructure Investment Authority	1988-91	6.53- 7.07%	2011	232,000	48,750	18,000	2,500	64,250
Agricultural Conservation Easement Purchase	1991	6.53- 6.87%	2011	93,000	. . . .	7,000	. . . .	7,000
Refunding Bonds	1985-91	6.70- 7.85%	2005	. . . .	312,042	51,255	38,820	324,477
				13,678,221	4,633,507	641,255	487,250	4,787,512
Bonds Payable From Lease Rentals:								
Pennsylvania Higher Educational Facilities Authority	1969-91	5.50- 9.00%	2025	. . . .	1,338,515	246,395	80,686	1,504,224
State Public School Building Authority	1986-91	5.58- 8.91%	2024	. . . .	256,500	34,970	36,669	254,801
				. . . .	1,595,015	281,365	117,355	1,759,025
Other General Long-Term Obligations Payable From Tax Revenues:								
Capital Lease and Installment Purchase Obligations				. . . .	131,915	10,318	11,153	131,080
Self-Insurance — Note O				. . . .	504,991	243,411	66,850	681,552
Compensated Absences				. . . .	251,003	224,010	216,955	258,058
Catastrophic Motor Vehicle Losses				. . . .	304,300	24,567	31,667	297,200
Other				. . . .	545,402	385,726	252,668	678,460
				. . . .	1,737,611	888,032	579,293	2,046,350
TOTAL GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP				$13,678,221	$7,966,133	$1,810,652	$1,183,898	$8,592,887

NOTE K—Long-Term Obligations (continued)

The Pennsylvania Housing Finance Agency (PHFA), the Pennsylvania Higher Education Assistance Agency (PHEAA), the Pennsylvania Industrial Development Authority, and the Pennsylvania Turnpike Commission (PTC), Enterprise Funds, have pledged all of their revenues for the redemption of revenue bonds outstanding. Revenue bonds outstanding as reported in this note disclosure for the fiscal year ended June 30, 1991 (May 31, 1991 for the PTC) include bond discounts of $107.5 million.

On September 26, 1985, PHEAA issued Student Loan Adjustable Rate Tender Revenue Bonds, 1985 Series A (1985 Bonds) in the amount of $202 million. The 1985 Bonds bear interest at a rate of 6.8 percent through maturity. On July 29, 1988 and December 30, 1988 PHEAA issued Student Loan Adjustable Rate Tender Revenue Bonds, 1988 Series C and E in the amounts of $75 million and $36 million, respectively. Interest on the 1988 Series C and E bonds is set by the remarketing agent weekly and was 6.296 percent for each issue at June 30, 1991. The Series C and E bonds are private placements in which the holder may terminate its agreement to hold the bonds as of August 1, 1998 and January 1, 1999, respectively. PHEAA may call a mandatory tender each year, on any date from August 1 to November 1 for Series C, and from January 1 to April 1 of each alternating calendar year for Series E. If the bonds are tendered before maturity date, they will be remarketed by the remarketing agent. On March 29, 1990 PHEAA issued Student Loan Revenue Select Variable Rate Bonds 1990 A, B, and C in the amount of $100 million. The Series A and B bonds bear interest at rates of 9.794 pecent and 4.73 percent, respectively, at June 30, 1991 and will thereafter be adjusted based on orders placed in an auction conducted on the business day before each subsequent interest period. The Series C bonds interest rate is fixed at 7.5 percent.

The Commonwealth has pledged its full faith and credit for the payment of principal and interest on general obligation bonds accounted for in the General Long-Term Obligations Account Group.

The Pennsylvania Higher Educational Facilities Authority and the State Public School Building Authority have bonds outstanding, reported as General Long-Term Obligations, as of June 30, 1991, which are payable from the lease rentals of the projects financed. The lease rentals are pledged as collateral for the bonds outstanding.

The Commonwealth of Pennsylvania by enactment of the General Assembly created the Pennsylvania Energy Development Authority (PEDA) to finance projects related to energy conservation and research. Fees are assessed to recover related processing and application costs incurred. The bonds issued by the Authority represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers from the trustee to the entity served by the bond issuance. The PEDA has $175.2 million in revenue bonds outstanding at June 30, 1991. The Commonwealth has no obligation for this debt. Accordingly, neither the financed assets nor the bonds are included in the accompanying financial statements.

The Commonwealth uses fiscal agents to process payments for the servicing of the majority of its bond issues. Additional cash with fiscal agents is held by the Federal Government for unemployment compensation claims.

Included in "Other" for Other General Long-Term Obligations payable from tax revenues are the following (expressed in thousands):

Workmen's Compensation Security Trust Claims	$312,163
Litigation — Note P	182,883
Public Utility Realty Tax Act (PURTA)	133,235
Medical Assistance Cost Settlements	50,179
	$678,460

The Commonwealth is liable for underpayments of medical assistance to nursing homes and inpatient hospitals based on audits performed on the medical assistance program. The PURTA provides for a tax on utility realty property which is available for appropriation as a general revenue source. The Act also provides for payment of a tax distribution to local taxing authorities. The Workmen's Compensation Security Trust Fund provides for payment of valid claims under the Workmen's Compensation Law to individuals whose employments are insured by insolvent insurance carriers. Amounts included in the General Long-Term Obligations Account Group at June 30, 1991 relating to Medical Assistance, PURTA, Workmen's Compensation Claims and Litigation are not payable with currently expendable available financial resources.

The constitutional debt limit, which allows for the incurrence of debt to be used for capital projects without electorate approval as specifically itemized in a capital budget, was $23.7 billion as of August 31, 1991, with net debt outstanding of $4.1 billion.

NOTE K —Long-Term Obligations (continued)

The following table presents annual principal and interest payments for long-term debt outstanding at June 30, 1991 (May 31, 1991 for the Pennsylvania Turnpike Commission) (expressed in thousands):

	1992	1993	1994	1995	1996	1997 Through Maturity	Total
ENTERPRISE FUNDS							
Revenue Bonds:							
Pennsylvania Higher Education Assistance Agency	$ 28,919	$ 28,920	$ 28,919	$ 28,920	$ 28,919	$ 737,674	$ 882,271
Pennsylvania Housing Finance Agency	188,430	190,909	191,728	189,436	185,536	4,159,689	5,105,728
Pennsylvania Industrial Development Authority	11,427	28,847	40,339	39,387	37,759	270,822	428,581
Pennsylvania Turnpike Commission	73,788	86,979	87,588	87,248	86,997	2,135,394	2,557,994
Pennsylvania Infrastructure Investment Authority	3,794	5,821	5,901	6,200	6,253	77,486	105,455
Total Principal and Interest	306,358	341,476	354,475	351,191	345,464	7,381,065	9,080,029
Less: Interest Payments	269,320	283,372	278,943	273,732	268,496	3,874,890	5,248,753
TOTAL ENTERPRISE FUNDS	$ 37,038	$ 58,104	$ 75,532	$ 77,459	$ 76,968	$3,506,175	$3,831,276
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP							
General Obligation Bonds:							
Capital Facilities	$ 613,202	$ 602,888	$ 534,682	$ 503,048	$ 432,957	$2,704,684	$5,391,461
Disaster Relief	10,657	10,634	10,597	10,570	10,536	60,505	113,499
Land and Water Development	36,335	35,642	35,489	35,338	35,232	147,271	325,307
Nursing Home Loan Development	6,319	6,270	6,218	6,166	3,848	13,460	42,281
Project 70 Land Acquisition	770	770	769	775	779	3,125	6,988
Volunteer Companies Loan	2,436	2,366	2,292	2,220	2,143	7,257	18,714
Vietnam Conflict Veterans Compensation	4,560	4,559	4,562	4,567	4,575	16,277	39,100
Water Facilities Loan	14,981	14,671	14,090	13,853	12,811	90,116	160,522
Pennsylvania Economic Revitalization	12,144	13,224	10,543	9,698	6,903	71,760	124,272
State Highway and Bridge Authority	7,061	....	....	....	....	....	7,061
Pennsylvania Infrastructure Investment Authority	7,122	7,421	7,206	6,990	6,774	71,501	107,014
Agricultural Conservation Easement Purchase	700	782	761	739	718	8,189	11,889
Refunding Bonds	59,908	56,877	48,585	42,230	39,270	205,962	452,832
Total Principal and Interest	776,195	756,104	675,794	636,194	556,546	3,400,107	6,800,940
Less: Interest Payments	291,224	262,293	230,159	205,239	177,203	847,310	2,013,428
	484,971	493,811	445,635	430,955	379,343	2,552,797	4,787,512
Other Bonds:							
Pennsylvania Higher Educational Facilities Authority	133,882	130,198	132,868	125,746	122,174	2,064,345	2,709,213
State Public School Building Authority	41,314	39,929	38,310	32,639	27,509	228,367	408,068
Total Principal and Interest	175,196	170,127	171,178	158,385	149,683	2,292,712	3,117,281
Less: Interest Payments	110,812	106,140	101,986	97,450	93,827	848,041	1,358,256
	64,384	63,987	69,192	60,935	55,856	1,444,671	1,759,025
TOTAL GENERAL OBLIGATION AND OTHER BONDS	549,355	557,798	514,827	491,890	435,199	3,997,468	6,546,537
Other General Long-Term Obligations	225,256	87,812	83,986	83,029	78,820	1,487,447	2,046,350
TOTAL GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP	$ 774,611	$ 645,610	$ 598,813	$ 574,919	$ 514,019	$5,484,915	$8,592,887

NOTE K—Long-Term Obligations (continued)

The Commonwealth has entered into agreements to lease various facilities and equipment. Such agreements are in substance purchases (capital leases) and are reported as Other General Long-Term Obligations and Capital Lease Obligations for the College and University Funds.

The following is a schedule by fiscal year of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 1991 (expressed in thousands):

	General Long-Term Obligations	College and University Funds
Fiscal year ending June 30:		
1992	$ 7,830	$ 19,675
1993	7,473	19,590
1994	7,151	22,597
1995	7,061	15,627
1996	6,713	12,833
Later years	126,611	175,737
Total minimum lease payments	162,839	266,059
Less: amount representing estimated executory costs included in total minimum lease payments	20,253	....
Net minimum lease payments	142,586	266,059
Less: amount representing interest	78,286	115,581
Present value of net minimum lease payments	64,300	150,478
Installment purchase obligations	66,780	....
TOTAL CAPITAL LEASE AND INSTALLMENT PURCHASE OBLIGATIONS	$131,080	$150,478

At June 30, 1991 general fixed assets included $96.9 million of buildings and $8.8 million of equipment being procured by capital leases. A total of $88.6 million in general fixed assets is being procured by installment purchase arrangements.

Capital lease obligations outstanding as of June 30, 1991 for the College and University Funds relate to various capital projects currently under construction for which a related public financing authority is the lessor. Revenue bonds were issued by the public financing authority to provide funding for these capital projects. College and University Funds fixed assets include $30.3 million of construction in progress related to capital leases at June 30, 1991.

NOTE L—REFUNDED DEBT

During the fiscal year ended June 30, 1991 the Commonwealth issued bonds, accounted for in the General Long-Term Obligations Account Group, to advance refund $78 million of previously issued bonds as follows (expressed in thousands):

	First Series A 1991	Duquesne University Revenue Refunding Bonds Series A 1991	Duquesne University Revenue Bonds Series D 1991	Messiah College Revenue Bonds First Series 1990
Issuing Authority	Commonwealth	PHEFA	PHEFA	PHEFA
Bond Type	G.O.	Revenue	Revenue	Revenue
Date Issued	1-1-91	4-1-91	4-1-91	8-2-90
Refunding Bonds Principal	$51,225	$14,235	$7,055	$20,410
Interest Rate (Refunding)	6.7%	7.1%	7.1%	6.9%
Refunded Series	First Series 1985	Duquesne University Revenue Bonds Series A 1986	Duquesne University Revenue Bonds Series B 1986	Messiah College Revenue Bonds First Series 1985/1987
Refunded Bonds Principal	$44,335	$11,665	$3,650	$14,225/$4,105
Interest Rate (Refunded)	8.9%	7.3%	7.3%	8.8%/7.3%
Payment to Escrow Agent	$50,456	$12,031	$3,666	$19,412
Debt Service Savings	$1,876	$2,870	$37	$(29)
Economic Gain	$2,232	$805	$105	$460

The net refunding bond proceeds, after payment of underwriting fees, insurance, and other issuance costs, were used to purchase U.S. Government securities which were deposited in irrevocable trusts to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

On May 15, 1991 the Pennsylvania Industrial Development Authority (PIDA), an Enterprise Fund, issued $278.4 million of Series A and B 1991 Economic Development Revenue Bonds with an average interest rate of 6.3 percent to advance refund $85.9 million of outstanding 1976, 1978, 1982 and 1984 Series bonds with an average interest rate of 10.2 percent, and to provide funds for the return of contributed capital to the Commonwealth. Of the net proceeds of $272.8 million (after payment of $3.6 million in underwriting fees, insurance, and other issuance costs) $93.8 million were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Although the advance refunding resulted in the recognition of an accounting loss of $7.6 million for the year ended June 30, 1991 the PIDA in effect reduced its aggregate debt service payments by almost $3.9 million over the next 20 years and obtained an economic gain of $10.5 million.

During the fiscal year ended June 30, 1991, the Pennsylvania Housing Finance Agency (PHFA), an Enterprise Fund, advance refunded $1.6 million of limited obligation residential development bonds, issue 1985B. The PHFA refunded these bonds by depositing sufficient funds, which were used to purchase U.S. Treasury State and Local Government Notes, in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from the financial statements. A loss of $61 thousand resulted from the refunding.

At June 30, 1991 $1.1 billion of bonds outstanding, that were previously accounted for in the General Long-Term Obligations Account Group, have been defeased through advance refundings. Included are $312 million of general obligation bonds and $235 million and $544 million of other bonds for the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority (PHEFA), Debt Service Funds, respectively. At June 30, 1991 the PIDA and the PHFA have $85.9 million and $1.6 million of bonds outstanding, respectively, that have been defeased through advance refundings.

NOTE M—RECONCILIATION OF BUDGETARY AND GAAP BASIS AMOUNTS

The Commonwealth adopts formal annual budgets for the General and three Special Revenue Funds (Motor License, State Lottery and Workmen's Compensation Administration). In addition, the State Public School Building Authority approves a formal annual budget for its operations and is included as a Budgeted Special Revenue Fund.

The Combined Statement of Revenues, Expenditures, and Changes in Unreserved/Undesignated Fund Balances—Budget and Actual (Budgetary Basis)—presents comparisons of the legally adopted budget, as amended, with actual data on a budgetary basis, which differs from GAAP primarily by the omission of certain revenue and expenditure accruals.

The following presents a reconciliation of the budgetary basis to the GAAP basis of reporting (expressed in thousands):

	General Fund	Special Revenue Funds
BUDGETED FUNDS:		
Budgetary basis — revenues and other sources under expenditures	$ (589,826)	$ (121,562)
Adjustments:		
To adjust revenues, other financing sources and related receivables and deferred revenue	(344,918)	1,169,209
To adjust expenditures, other financing uses and related accounts payable and accrued liabilities	(1,615,827)	(1,358,070)
To adjust encumbrances	1,473,988	165,452
Net adjustments	(486,757)	(23,409)
NONBUDGETED FUNDS:		
GAAP basis — revenues and other sources under expenditures and other uses	....	(1,855)
TOTAL ALL FUNDS:		
GAAP basis — revenues and other sources under expenditures and other uses	$ (1,076,583)	$ (146,826)

NOTE N—SEGMENT INFORMATION—ENTERPRISE FUNDS

The Commonwealth has seven major Enterprise Funds which provide for a limited access highway system, industrial development loans, workmen's compensation insurance services, liquor sales, student loans and scholarships, low-cost housing and capital development loans.

Segment information for the fiscal year ended June 30, 1991, unless otherwise noted, is as follows (expressed in thousands):

	Pennsylvania Turnpike Commission (May 31, 1991)	Pennsylvania Industrial Development Authority	State Workmen's Insurance Fund (Dec. 31, 1990)	State Stores Fund (June 25, 1991)	Pennsylvania Higher Education Assistance Agency	Pennsylvania Housing Finance Agency	Pennsylvania Infrastructure Investment Authority	Other Enterprise Funds	Total Enterprise Funds
Operating revenues	$ 220,721	$ 28,963	$ 315,107	$ 657,257	$ 373,343	$ 214,580	$ 8,573	$ 32,655	$ 1,851,199
Depreciation	63,521	. . . .	588	4,561	6,408	245	23	834	76,180
Operating income (loss)	42,097	14,324	(57,311)	41,698	(180,612)	22,520	1,659	11,758	(103,867)
Operating transfers in	. . . .	. . . .	. . . .	. . . .	186,452	6,500	. . . .	. . . .	192,952
Operating transfers out	. . . .	. . . .	120,000	39,428	. . . .	. . . .	. . . .	. . . .	159,428
Net income (loss)	59,780	6,732	(231,226)	4,725	5,840	27,854	1,659	13,062	(111,574)
Capital contributions	. . . .	(214,000)	. . . .	. . . .	. . . .	. . . .	60,202	4,047	(149,751)
Acquisition and construction of capital assets	309,713	. . . .	196	9,232	6,767	604	18	582	327,112
Net increase (decrease) in cash	13	218	591	165	21,672	. . . .	2,316	(43)	24,932
Total assets	2,063,442	545,397	972,291	160,571	1,540,409	2,487,863	348,633	269,004	8,387,610
Bonds and other long-term liabilities payable from operating revenues	1,024,121	276,402	785,788	. . . .	1,217,207	1,974,828	60,000	. . . .	5,338,346
Total fund equity	917,553	266,236	88,040	12,758	209,921	315,782	288,212	264,957	2,363,459

NOTE O—SELF-INSURANCE

Effective July 1, 1983 the Commonwealth became self-insured for losses for all statutory worker's compensation and medical payments to employes injured on the job after June 30, 1983. On July 31, 1990 the State Workmen's Insurance Fund transferred approximately $101.8 million to individual Commonwealth agencies. This cash transfer represents the unpaid liability for worker's compensation claims incurred prior to July 1, 1983. As a result of the commutation of the employe disability liability and related cash transfer, the Commonwealth became self-insured for all future worker's compensation claim payments. The employe disability claim liabilities listed below were determined as of June 30, 1991, without regard to the date of injury, based on reserves computed from the Commonwealth's claim experience.

The Commonwealth is self-insured for tort liability claims. Major tort self-insurance areas include automobile, general tort, employe and transportation-related liability claims. Tort liabilities were determined as of June 30, 1991 based on reserves computed from the Commonwealth's claim experience.

At June 30, 1991 the following amounts are reported as General Fund and Motor License Fund, a Special Revenue Fund, accrued liabilities representing the estimate of payments to be made from currently expendable available financial resources for accidents occurring on or before June 30, 1991 (expressed in thousands):

General Fund	
Employe disability	$ 53,500
Automobile	2,559
General tort	1,246
Employe	758
Total	$ 58,063
Motor License Fund	
Transportation-related	$ 11,854

The portion of Commonwealth self-insurance liabilities that will not be liquidated with currently expendable, available financial resources at June 30, 1991 is reported in the General Long-Term Obligations Account Group as follows (expressed in thousands):

Employe disability	$247,288
Transportation-related	380,919
General tort	28,643
Employe	18,925
Automobile	5,777
Total	$681,552

Prior to July 1, 1983, The State Workmen's Insurance Fund, an Enterprise Fund, was the Commonwealth's employe disability insurance carrier.

NOTES TO FINANCIAL STATEMENTS

NOTE P—COMMITMENTS AND CONTINGENCIES

Construction and Other Commitments: At June 30, 1991 the Department of Transportation and the Pennsylvania Turnpike Commission have contractual commitments of approximately $798 million and $394 million, respectively, for various highway construction and mass transit projects. Financing for these future expenditures will be primarily from approved federal grants and general obligation bond sales. In addition, the Commonwealth has certain contractual commitments for future purchases of various goods and services approximating $2.9 billion at June 30, 1991. These commitments are contingent upon availability of financial resources.

At June 30, 1991, the Pennsylvania Infrastructure Investment Authority and the Pennsylvania Industrial Development Authority, which are Enterprise Funds, had $470 million and $127.9 million, respectively, in approved loans that had not been disbursed.

Operating Lease Commitments: The Commonwealth has commitments to lease certain buildings and equipment Future minimum rental commitments for noncancelable operating leases as of June 30, 1991 were as follows (expressed in thousands):

Fiscal year ending June 30:	
1992	$108,204
1993	74,363
1994	59,024
1995	45,874
1996	30,473
Later years	199,956
Total Minimum Lease Payments	$517,894

Rental expenditures/expenses for all operating leases for the fiscal year ended June 30, 1991 amounted to $160 million.

Litigation: The Commonwealth is a defendant in numerous legal proceedings pertaining to matters normally incidental to routine operations. Such litigation includes, but is not limited to, claims asserted against the Commonwealth arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of Commonwealth and Federal laws. The Commonwealth has recorded accrued liabilities at June 30, 1991 with respect to torts as described in Note O and as follows with respect to other matters of litigation for which the likelihood of an unfavorable outcome is probable (expressed in thousands):

General Fund	$ 3,787
Motor License Fund	7,000
Capital Facilities Fund	1,665
Other General Long-Term Obligations	182,883

Additionally, the Commonwealth has been involved over the past several years in certain legal proceedings relative to bank taxes and insurance company taxes and a labor union case, which continues into the present year. The Commonwealth is vigorously contesting these cases, but if unsuccessful, the Commonwealth could be required to make settlements from the General Fund of approximately $730 million for bank taxes, up to $90 million in insurance company taxes and $96 million to labor union employes. Other cases that the Commonwealth is currently vigorously contesting could range from approximately $6 to $148 million, $1 to $45 million, and $4 to $40 million of additional liabilities for the General Fund, Capital Projects Funds and Special Revenue Funds, respectively.

Based on the current status of all these legal proceedings for which accruals have not been made, it is the opinion of the Commonwealth's management and counsel that they will not have a material effect on the Commonwealth's financial position.

NOTE P—Commitments and Contingencies (continued)

Federal Grants: The Commonwealth receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the general purpose financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or to financial and compliance audits by the grantor agencies of the Federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities of the Commonwealth. The Commonwealth is currently involved in administrative and legal proceedings, with certain Federal agencies, contesting various disallowances and sanctions related to Federal Assistance Programs ranging from $1 to $107 million. The Commonwealth's management believes ultimate disallowances and sanctions, if any, will not have a material effect on the general purpose financial statements.

At June 30, 1991 the Commonwealth had custody of $361 million in Federal Food Stamps. These food stamps will be distributed to eligible recipients in accordance with Federal regulations.

Student Loan Guarantees: The Pennsylvania Higher Education Assistance Agency (PHEAA), an Enterprise Fund, guarantees loans made by private lenders to certain resident students. Total outstanding guarantees issued by PHEAA approximated $6.7 billion at June 30, 1991. The U.S. Department of Education reinsures losses under these guarantees up to 100 percent until losses are in excess of 5 or 9 percent of the total loans in repayment status, then the reinsurance rate decreases to 90 and 80 percent, respectively.

Other Contingency: The State Lottery Fund, a Special Revenue Fund, has entered into agreements with insurance companies under which the Lottery purchases annuities under group contracts which provide payments corresponding to the State Lottery Fund's obligation to prize winners. The Commonwealth would be liable for such future payments if the insurance companies would default on their payment. In the event of default, the Commonwealth would have to fund future prize payments amounting to $2.1 billion, discounted at an interest rate of 8.99 percent to a net present value of $996 million at June 30, 1991.

NOTE Q—MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND

The Medical Professional Liability Catastrophe Loss Fund, an Agency Fund, acts primarily as an agent to facilitate the payment of claims covering excess liability of health care providers practicing in the Commonwealth. The Fund levies surcharges to health care providers to pay settled claims and administrative expenses paid on behalf of health care providers during the prior year. The actuarially computed liability to the health care providers for claims outstanding at June 30, 1991 totals $1,948.5 million ($1,376.7 million at present value based on the expected payment pattern and an assumed long-term interest rate of 8 percent). At June 30, 1991 $107 million is payable with expendable available financial resources and is reported as a fund liability. The remaining claims will be funded exclusively through assessments to health care providers in future years as claims are settled and paid and, therefore, do not represent liabilities of the Commonwealth. The following is a summary of the increases and decreases of the Fund's assets for the year ended June 30, 1991 (expressed in thousands):

Fund assets, July 1, 1990	$120,002
Surcharges to health care providers	123,116
Investment earnings	8,550
Payments to claimants	(132,160)
Administrative costs	(10,544)
Fund assets, June 30, 1991	$108,964

NOTE R—DEFERRED COMPENSATION

The Commonwealth offers its employes a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the State Employes' Retirement System, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employes until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with the amounts, and all income attributable to these amounts are solely the property and rights of the Commonwealth, subject only to the claims of the Commonwealth's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commonwealth in an amount equal to the fair market value of the deferred account of each participant. The Commonwealth has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Commonwealth believes it is unlikely that plan assets will be used to satisfy future claims of general creditors.

Of the $50.0 million in assets (at market value) reported in the Deferred Compensation Fund, an Agency Fund, at December 31, 1990, $49.8 million relates to participants employed by organizations included in the Commonwealth's financial reporting entity. The remaining balance relates to participants employed by organizations not included in the Commonwealth's financial reporting entity.

NOTE S—SUBSEQUENT EVENTS

On June 1, 1991 the Pennsylvania Turnpike Commission, an Enterprise Fund, issued $273 million of Series L Revenue Bonds primarily for the purpose of advance refunding certain of the 1986 Series A Bonds. The Series L Bonds pay interest semiannually commencing on December 1, 1991. In addition, the remarketing of the $48 million of 1986 Series I Bonds scheduled for June 3, 1991 was extended to coincide with the remarketing of the $72 million 1986 Series J Bonds on July 1, 1991. The Series I and J Bonds were remarketed into a fixed mode with interest rates varying from 4.9 percent to 7 percent and maturing in varying amounts through December 1, 2017. Accordingly, these bonds have been classified as long-term debt at May 31, 1991.

During the month of July, 1991 the Pennsylvania Infrastructure Investment Authority (PENNVEST), an Enterprise Fund, issued $50 million of 1991 Series A Revenue Bonds. These bonds were issued to fund PENNVEST's loan pool program, to provide financing for the eligible costs of projects under the PENNVEST Act for the benefit of governmental units in the Commonwealth, and to pay all or a portion of the costs of issuing the bonds. The 1991 Series A Bonds are secured by PENNVEST's revenues and a letter of credit issued by Tokai Bank, Limited.

On August 28, 1991 the Pennsylvania Housing Finance Agency (PHFA), an Enterprise Fund, issued $85 million and $35 million of Single Family Mortgage Revenue Bonds, Series 1991-31 and 1991-32, respectively. These bonds bear interest at rates ranging from 4.98 percent to 8.95 percent, and are due in varying amounts from April 1, 1993 through October 1, 2023. The proceeds of these bonds will be used for single family mortgage loans.

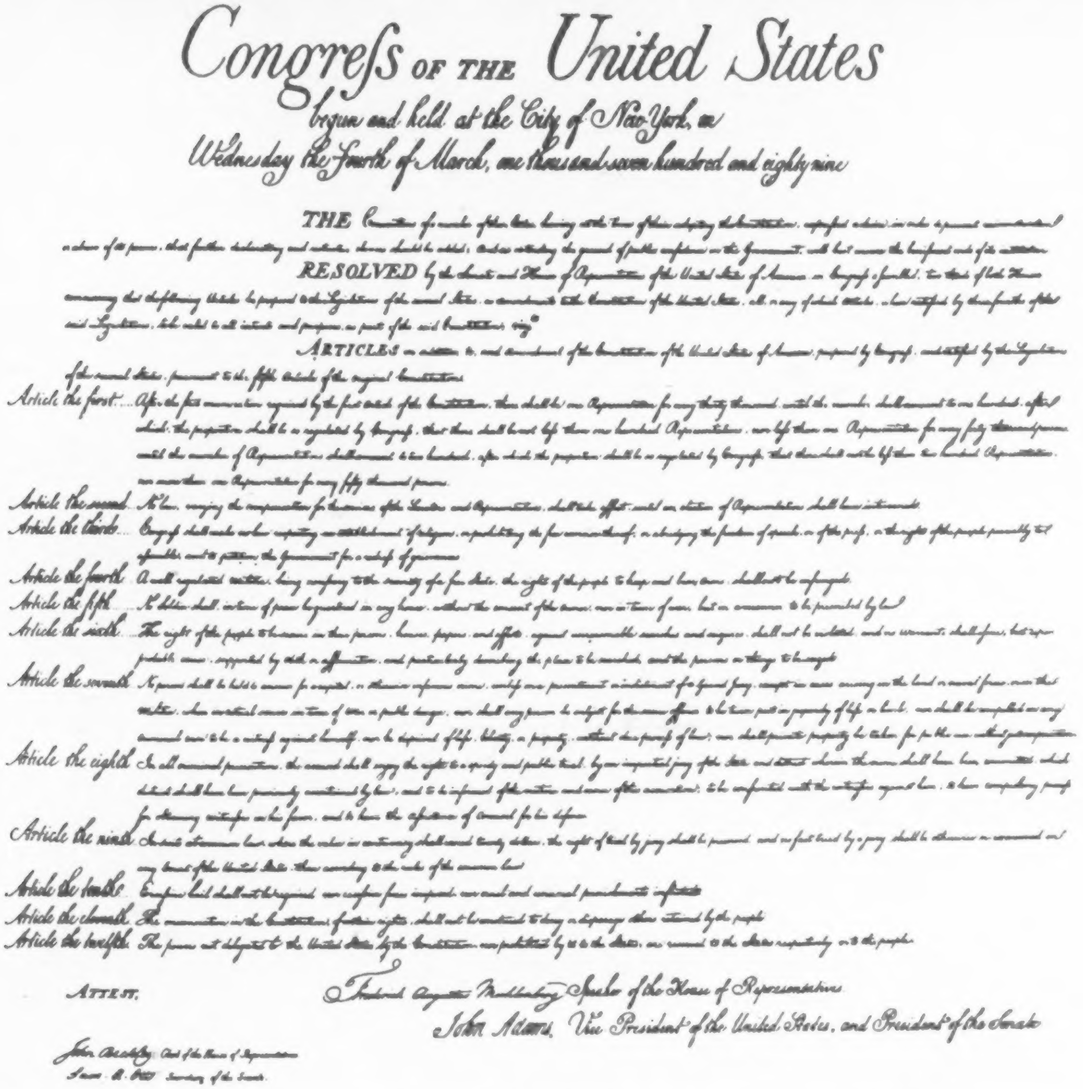
On September 19, 1991 the Commonwealth issued $1.45 billion of Tax Anticipation Notes, First Series of 1991-92. The notes are payable from and secured by the pledges of revenues to be received in the General Fund during the fiscal year ending June 30, 1992. These obligations are due and payable not later than June 30, 1992.

During the months of September, October, and November 1991 the Commonwealth issued $87 million of General Obligation Bond Anticipation Notes, Subseries 1991 A1.

The *First* Amendment

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Combining Financial Statements and Schedules



Congreſs of the United States
begun and held at the City of New-York, on
Wednesday the Fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first...

Article the second...

Article the third...

Article the fourth...

Article the fifth...

Article the sixth...

Article the seventh...

Article the eighth...

Article the ninth...

Article the tenth...

Article the eleventh...

Article the twelfth...

ATTEST,

Frederick Augustus Muhlenberg Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

---

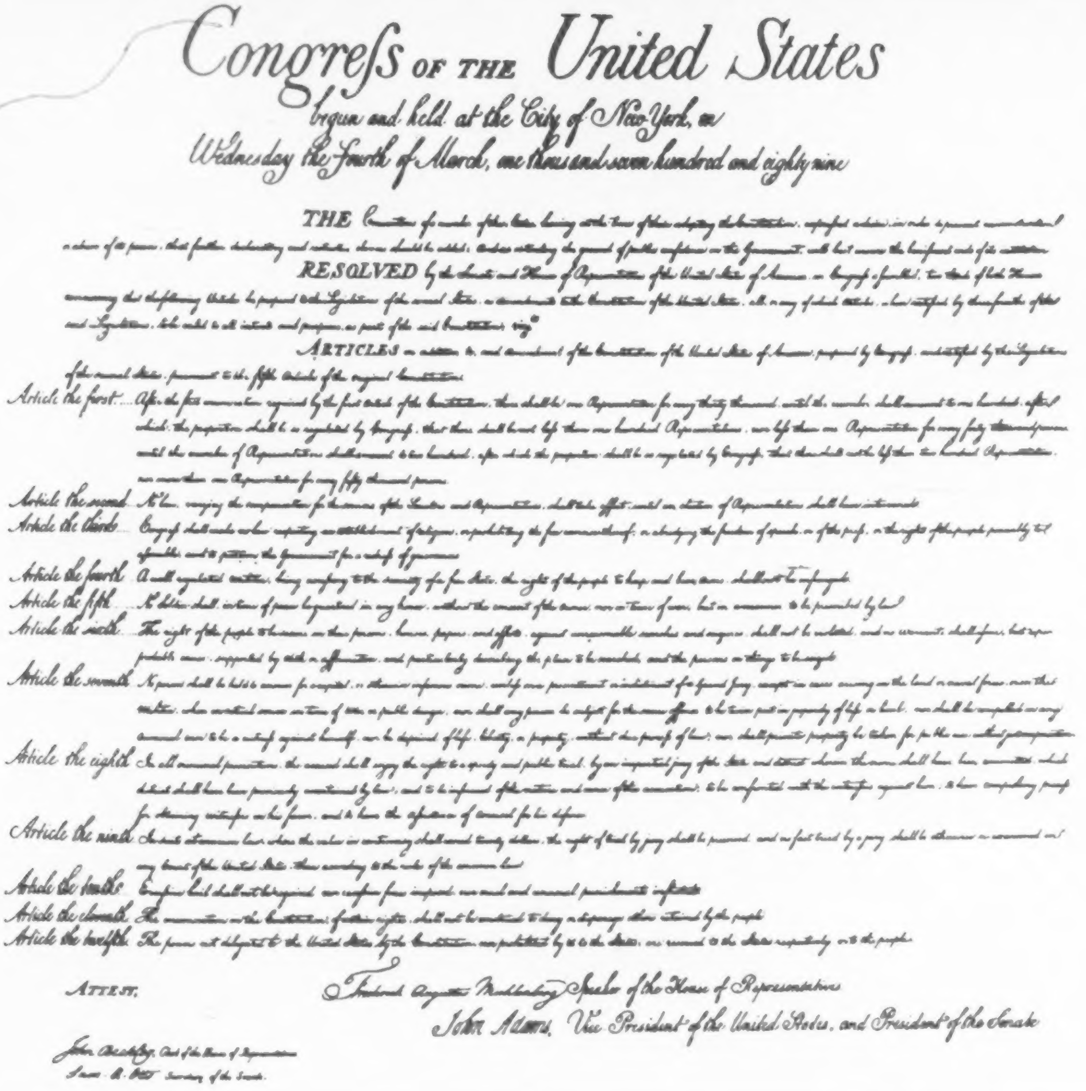
**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Second* Amendment

A well regulated Melitia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Special Revenue Funds



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SPECIAL REVENUE FUNDS DESCRIPTIONS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

State Lottery Fund — to account for the payment of prizes to winners in the state lottery, for property tax and rent assistance to the elderly, for mass transit fare subsidies, for the inflation dividend program for the elderly and for a partial rebate of drug and medical costs incurred by the elderly.

Motor License Fund — to account for highway and bridge improvement, design and maintenance, for the purchase of Rights-of-Way, for aviation activities, for transportation licensing and safety activities, for payment of subsidies for construction and maintenance of roads, and for financing Pennsylvania State Police highway patrol operations.

Workmen's Compensation Administration Fund — to account for the administration of the Pennsylvania Workmen's Compensation Act and the Pennsylvania Occupational Disease Act. The Fund assesses insurance companies and self-insured businesses a periodic fee for costs incurred in administering these Acts.

State Public School Building Authority — to account for the administration of the State Public School Building Authority (SPSBA). The SPSBA acts as a financing authority for the construction and improvement of public school facilities. Excess funds, after payment of debt service and administrative costs, are returned to the public schools.

Pharmaceutical Assistance Fund — to account for a limited pharmaceutical assistance program for the Commonwealth's senior citizens who are 65 years of age or older.

Water Facilities Loan Fund — to account for the implementation of the water project loan referendum that authorizes the Commonwealth to approve loans to local water companies for the repair, construction, extension and improvement of water supply systems, dams and port facilities and water control systems. Repayments of principal and interest from loans are transferred to the General Fund.

Pennsylvania Economic Revitalization Fund — to account for the promotion of economic redevelopment throughout Pennsylvania, for grants and loans for industrial and small business development, for acquisition of equipment for vocational programs in secondary schools, and for agricultural and recreational programs.

Hazardous Sites Cleanup Fund — to account for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use.

Fish and Game Fund — to account for the administration and enforcement of fish and game laws and for the protection and propagation of game and aquatic life.

Pennsylvania Higher Educational Facilities Authority — to account for the administration of the Pennsylvania Higher Educational Facilities Authority (PHEFA). The PHEFA acts as a financing authority for the construction and improvement of higher educational institutions. Excess funds, after payment of debt service and administrative costs, are returned to the higher educational institutions.

Other — to account for programs related to conservation and protection of natural resources, the preservation of historical landmarks, administrative and regulatory activities of various departmental programs, and other miscellaneous Commonwealth activities.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Budgeted Funds											
	State Lottery	Motor License	Workmen's Compensation Administration	State Public School Building Authority	Pharmaceutical Assistance	Water Facilities Loan	Pennsylvania Economic Revitalization	Hazardous Sites Cleanup	Fish and Game	Pennsylvania Higher Educational Facilities Authority	Other	Total
ASSETS												
Cash	$ 136	$ 20,089	$ 63	$ 1,026	$	$	$ 40	$ 58	$ 469	$ 222	$ 2,564	$ 24,667
Temporary investments	62,711	165,268	13,600	9,916	5,380	4,831	1,712	39,792	64,115	16,562	222,220	606,107
Long-term investments	12,170	....	....	6,936	....	....	....	....	....	5,442	....	24,548
Receivables, net:												
Taxes	....	145,961	....	....	....	....	....	....	....	....	....	145,961
Accounts	25,175	....	228	....	....	....	....	....	....	....	2,764	28,167
Accrued interest	359	984	7	179	64	1,002	311	206	82	217	1,374	4,785
Loans	....	....	....	....	....	55,735	12,705	....	....	....	36,073	104,513
Lease rental	....	....	....	239,835	....	....	....	....	....	1,242,095	....	1,481,930
Other	1	2,481	....	....	....	....	....	....	....	....	....	2,482
Due from other funds	....	38,544	5	....	....	....	51	50,179	977	....	418	90,174
Due from other governments	5,635	85,075	....	....	....	....	75	7	4,852	....	7,520	103,164
TOTAL ASSETS	$ 106,187	$ 458,402	$ 13,903	$ 257,892	$ 5,444	$ 61,568	$ 14,894	$ 90,242	$ 70,495	$ 1,264,538	$ 272,933	$ 2,616,498
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	$ 163,165	$ 251,212	$ 982	$ 1,279	$ 9,042	$	$ 5,733	$ 3,370	$ 4,149	$	$ 16,132	$ 455,064
Tax refunds payable	....	325	....	....	....	....	....	....	....	....	....	325
Due to other funds	1,163	16,690	395	1	13	1,002	151	280	1,454	....	8,463	29,612
Due to other governments	7,464	10,716	27	....	1	....	571	6	133	....	3,651	22,569
Deferred revenue	1,184	30	....	239,835	....	....	....	500	....	1,242,095	9,483	1,493,127
Advances from other funds	....	2,175	....	....	....	....	....	....	....	....	....	2,175
TOTAL LIABILITIES	172,976	281,148	1,404	241,115	9,056	1,002	6,455	4,156	5,736	1,242,095	37,729	2,002,872
Fund Balance:												
Reserved for:												
Encumbrances	453	77,027	....	....	....	3,287	36,398	1,281	2,792	....	31,564	152,802
Loans receivable	....	....	....	....	....	55,735	12,705	....	....	....	36,073	104,513
Long-term investments	12,170	....	....	6,936	....	....	....	....	....	5,442	....	24,548
Unreserved:												
Designated for:												
Highways	....	64,535	....	....	....	....	....	....	....	....	....	64,535
Other	....	....	....	....	....	....	....	....	17	....	24,540	24,557
Undesignated (deficit)	(79,412)	35,692	12,499	9,841	(3,612)	1,544	(40,664)	84,805	61,950	17,001	143,027	242,671
TOTAL FUND BALANCES (DEFICIT)	(66,789)	177,254	12,499	16,777	(3,612)	60,566	8,439	86,086	64,759	22,443	235,204	613,626
TOTAL LIABILITIES AND FUND BALANCES	$ 106,187	$ 458,402	$ 13,903	$ 257,892	$ 5,444	$ 61,568	$ 14,894	$ 90,242	$ 70,495	$ 1,264,538	$ 272,933	$ 2,616,498

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Budgeted Funds											
	State Lottery	Motor License	Workmen's Compensation Administration	State Public School Building Authority	Pharmaceutical Assistance	Water Facilities Loan	Pennsylvania Economic Revitalization	Hazardous Sites Cleanup	Fish and Game	Pennsylvania Higher Educational Facilities Authority	Other	Total
REVENUES:												
Taxes	$	$ 993,077	$	$	$	$	$	$ 30,000	$ 314	$	$ 6,888	$ 1,030,279
Licenses and fees	96	474,677	....	....	....	....	....	3,532	44,976	....	42,735	566,016
Intergovernmental	51,089	666,318	....	....	....	....	75	(194)	11,611	....	71,949	800,848
Charges for sales and services	3,564	81,487	19,751	1,205	....	5,450	410	....	12,736	....	54,991	179,594
Investment income	7,207	14,951	751	1,669	990	463	1,648	4,421	4,626	905	19,643	57,274
Lottery revenues	1,520,943	....	....	....	....	....	....	....	....	....	....	1,520,943
Lease rental principal and interest	....	....	....	50,789	....	....	....	....	....	105,908	....	156,697
Other	5,356	71,833	387	33	....	....	677	188	1,873	8	24,785	105,140
TOTAL REVENUES	1,588,255	2,302,343	20,889	53,696	990	5,913	2,810	37,947	76,136	106,821	220,991	4,416,791
EXPENDITURES:												
Current:												
General government	911,061	38,035	18,947	....	....	....	222	....	....	....	72,288	1,040,553
Protection of persons and property	....	....	....	....	....	....	5,264	....	....	....	6,727	11,991
Public health and welfare	444,813	....	....	....	228,930	....	....	....	....	....	101,900	775,643
Public education	....	....	....	1,790	....	....	....	....	....	192	....	1,982
Conservation of natural resources	....	....	....	....	....	552	....	27,955	71,269	....	42,605	142,381
Economic development and assistance	....	....	....	....	....	....	90,451	....	....	....	1,214	91,665
Transportation	57,063	1,984,747	....	....	....	....	....	....	....	....	....	2,041,810
Capital outlay	....	18,569	....	....	....	....	....	....	....	....	....	18,569
Debt Service:												
Interest and fiscal charges	236	452	....	....	28	14	91	134	133	....	533	1,621
TOTAL EXPENDITURES	1,413,173	2,041,803	18,947	1,790	228,958	566	96,028	28,089	71,402	192	225,267	4,126,215
REVENUES OVER (UNDER) EXPENDITURES	175,082	260,540	1,942	51,906	(227,968)	5,347	(93,218)	9,858	4,734	106,629	(4,276)	290,576
OTHER FINANCING SOURCES (USES):												
Bond proceeds	....	....	....	....	....	10,830	54,216	....	....	....	6,886	71,932
Operating transfers in	....	125,422	....	55,160	222,000	....	5,600	....	1,579	52,869	20,668	483,298
Operating transfers out	(241,245)	(474,673)	....	(104,842)	....	(9,292)	(1,591)	(7,000)	(60)	(149,501)	(10,165)	(998,369)
Capital lease and installment purchase obligations	....	5,737	....	....	....	....	....	....	....	....	....	5,737
NET OTHER FINANCING SOURCES (USES)	(241,245)	(343,514)	....	(49,682)	222,000	1,538	58,225	(7,000)	1,519	(96,632)	17,389	(437,402)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(66,163)	(82,974)	1,942	2,224	(5,968)	6,885	(34,993)	2,858	6,253	9,997	13,113	(146,826)
FUND BALANCES (DEFICITS), JULY 1, 1990	(626)	260,228	10,557	14,553	2,356	61,647	46,757	83,228	58,506	12,446	221,767	771,419
RESIDUAL EQUITY TRANSFERS	....	....	....	....	....	(7,966)	(3,325)	....	....	....	324	(10,967)
FUND BALANCES (DEFICITS), JUNE 30, 1991	$ (66,789)	$ 177,254	$ 12,499	$ 16,777	$ (3,612)	$ 60,566	$ 8,439	$ 86,086	$ 64,759	$ 22,443	$ 235,204	$ 613,626

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED/UNDESIGNATED FUND BALANCES— BUDGET AND ACTUAL (BUDGETARY BASIS) BUDGETED SPECIAL REVENUE FUNDS

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	State Lottery			Motor License		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
State Programs:						
Taxes, net of refunds	$	$	$	$ 930,812	$ 922,423	$ (8,389)
Lottery receipts	844,190	809,825	(34,365)	....	....	....
Licenses and fees	....	....	....	469,600	459,321	(10,279)
Departmental services	5,767	5,767	....	72,379	72,379	....
Other	6,707	12,484	5,777	110,343	87,793	(22,550)
TOTAL STATE PROGRAMS	856,664	828,076	(28,588)	1,583,134	1,541,916	(41,218)
Federal Programs	60,617	57,869	(2,748)	674,705	488,837	(185,868)
TOTAL REVENUES	917,281	885,945	(31,336)	2,257,839	2,030,753	(227,086)
EXPENDITURES:						
State Programs:						
General government	273,211	247,537	25,674	237,170	205,805	31,365
Protection of persons and property	....	....	....	193,583	191,237	2,346
Public health and welfare	735,116	727,048	8,068	....	....	....
Public education	....	....	....	5,196	4,757	439
Transportation	....	....	....	1,209,118	1,159,402	49,716
TOTAL STATE PROGRAMS	1,008,327	974,585	33,742	1,645,067	1,561,201	83,866
Federal Programs	60,617	57,869	2,748	674,705	488,837	185,868
TOTAL EXPENDITURES	1,068,944	1,032,454	36,490	2,319,772	2,050,038	269,734
REVENUES OVER (UNDER) EXPENDITURES	(151,663)	(146,509)	5,154	(61,933)	(19,285)	42,648
OTHER FINANCING SOURCES:						
Prior year lapses	17,841	17,841	....	23,426	23,426	....
TOTAL OTHER FINANCING SOURCES	17,841	17,841	....	23,426	23,426	....
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(133,822)	(128,668)	5,154	(38,507)	4,141	42,648
UNRESERVED/UNDESIGNATED FUND BALANCES (BUDGETARY BASIS), JULY 1, 1990	154,393	154,393	....	56,356	56,356	....
UNRESERVED/UNDESIGNATED FUND BALANCES (BUDGETARY BASIS), JUNE 30, 1991	$ 20,571	$ 25,725	$ 5,154	$ 17,849	$ 60,497	$ 42,648

For the Fiscal Year Ended June 30, 1991

(Expressed in Thousands)

Workmen's Compensation Administration			State Public School Building Authority			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 17,789	$ 19,787	$ 1,998	$	$	$	$ 948,601	$ 942,210	$ (6,391)
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	844,190	809,825	(34,365)
. . . . .	. . . . .	. . . . .	1,397	1,205	(192)	470,997	460,526	(10,471)
. . . . .	. . . . .	. . . . .	939	939	. . . . .	79,085	79,085	. . . . .
2,500	1,166	(1,334)	2,272	1,030	(1,242)	121,822	102,473	(19,349)
20,289	20,953	664	4,608	3,174	(1,434)	2,464,695	2,394,119	(70,576)
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	735,322	546,706	(188,616)
20,289	20,953	664	4,608	3,174	(1,434)	3,200,017	2,940,825	(259,192)
19,789	19,655	134	1,718	1,708	10	531,888	474,705	57,183
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	193,583	191,237	2,346
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	735,116	727,048	8,068
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	5,196	4,757	439
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	1,209,118	1,159,402	49,716
19,789	19,655	134	1,718	1,708	10	2,674,901	2,557,149	117,752
. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	735,322	546,706	188,616
19,789	19,655	134	1,718	1,708	10	3,410,223	3,103,855	306,368
500	1,298	798	2,890	1,466	(1,424)	(210,206)	(163,030)	47,176
201	201	. . . . .	. . . . .	. . . . .	. . . . .	41,468	41,468	. . . . .
201	201	. . . . .	. . . . .	. . . . .	. . . . .	41,468	41,468	. . . . .
701	1,499	798	2,890	1,466	(1,424)	(168,738)	(121,562)	47,176
10,142	10,142	. . . . .	11,639	11,639	. . . . .	232,530	232,530	. . . . .
$ 10,843	$ 11,641	$ 798	$ 14,529	$ 13,105	$ (1,424)	$ 63,792	$ 110,968	$ 47,176

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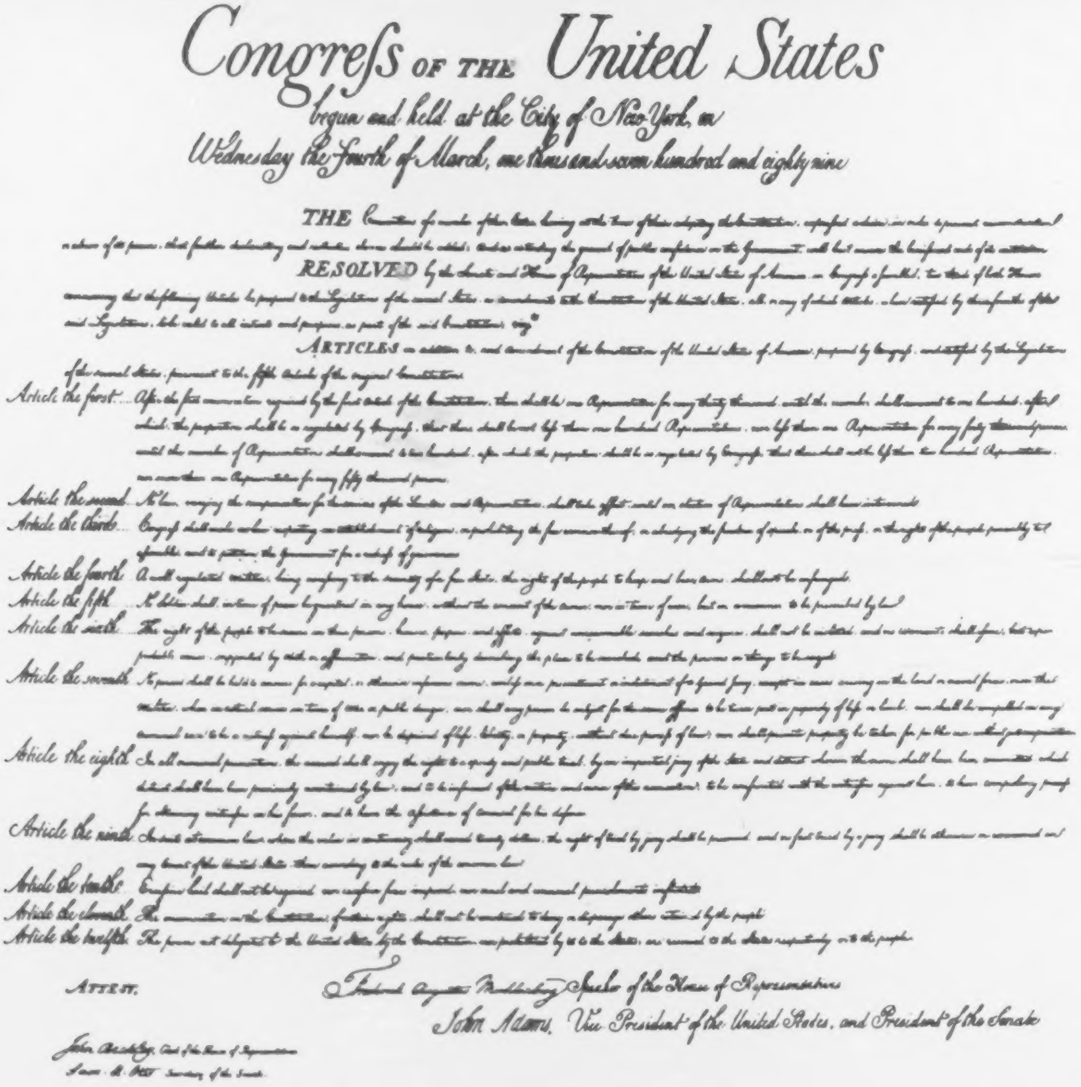
Debt Service Funds



Congreſs of the United States
begun and held at the City of New-York, on
Wednesday the Fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first

Article the second

Article the third

Article the fourth

Article the fifth

Article the sixth

Article the seventh

Article the eighth

Article the ninth

Article the tenth

Article the eleventh

Article the twelfth

ATTEST,

Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Third* Amendment

No Soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.

DEBT SERVICE FUNDS DESCRIPTIONS

Debt service funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Disaster Relief Redemption Fund — to account for the payment of principal and interest on bonds issued for the rehabilitation of areas of the Commonwealth affected by the floods of 1971, 1972, and 1977. Funding consists of transfers from the General Fund.

Water Facilities Loan Redemption Fund — to account for the payment of principal and interest on bonds issued for loans to local water companies for the repair, construction, extension and improvement of water supply systems, dams and port facilities and water control systems. Funding consists of transfers from the General Fund and the Water Facilities Loan Fund.

Capital Debt Fund — to account for the payment of principal and interest related to general obligation bonds issued for capital projects authorized by Capital Budget Acts. Funding consists of transfers from the General Fund and the Motor License Fund.

Pennsylvania Higher Educational Facilities Authority — to account for the payment of principal and interest on bonds issued by the Pennsylvania Higher Educational Facilities Authority (PHEFA). The PHEFA acts as the financing authority for the construction and improvement of higher educational institutions. Funding consists of rental payments collected for the use of the facilities.

State Public School Building Authority — to account for the payment of principal and interest on bonds issued by the State Public School Building Authority (SPSBA). The SPSBA acts as a financing authority for the construction and improvement of public school facilities. Funding consists of rental payments collected for the use of the facilities and transfers from the SPSBA Special Revenue Fund.

Land and Water Development Sinking Fund — to account for the payment of principal and interest on bonds issued for the acquisition, development and improvements to Commonwealth land and water facilities. Funding consists of transfers from the General Fund.

Other — to account for the payment of principal and interest on bonds issued for loans to local water companies for improvements to water supply systems, to nursing homes and volunteer fire companies, for the promotion of economic redevelopment and for compensation to Vietnam Veterans. Funding consists primarily of transfers from the General Fund.

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)							
	Disaster Relief Redemption	Water Facilities Loan Redemption	Capital Debt	Pennsylvania Higher Educational Facilities Authority	State Public School Building Authority	Land and Water Development Sinking	Other	Total
ASSETS								
Cash	$ 1	$ 1	$ 1	$ 878	$ 2	$	$ 5	$ 888
Cash with fiscal agents	2,832	277	28,888	....	....	1,548	2,379	35,924
Temporary investments	....	3,039	23,137	64,793	1,613	5	11,419	104,006
Long-term investments	....	....	....	44,173	13,104	....	....	57,277
Receivables, net:								
Accounts	....	....	19,326	....	....	....	....	19,326
Accrued interest	1	15	207	1,749	247	....	2,190	4,409
Lease rental	....	....	37,415	....	....	....	....	37,415
Due from other funds	....	29	....	....	....	7	184	220
TOTAL ASSETS	$ 2,834	$ 3,361	$ 108,974	$ 111,593	$ 14,966	$ 1,560	$ 16,177	$ 259,465
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	$	$	$ 34	$	$	$	$	$ 34
Matured debt principal and interest payable	2,832	3,277	45,888	....	....	1,548	12,373	65,918
Due to other funds	....	....	....	....	....	....	2,274	2,274
Deferred revenue	....	....	56,741	....	....	....	....	56,741
Other liabilities	....	48	2,341	....	....	9	322	2,720
TOTAL LIABILITIES	2,832	3,325	105,004	....	....	1,557	14,969	127,687
Fund Balance:								
Reserved for:								
Long-term investments	....	....	....	44,173	13,104	....	....	57,277
Unreserved:								
Designated for:								
Debt Service:								
Retirement of general obligation bonds	2	36	3,970	....	....	3	1,265	5,276
Retirement of other bonds	....	....	....	67,420	1,862	....	....	69,282
Undesignated (deficit)	....	....	....	....	....	....	(57)	(57)
TOTAL FUND BALANCES	2	36	3,970	111,593	14,966	3	1,208	131,778
TOTAL LIABILITIES AND FUND BALANCES	$ 2,834	$ 3,361	$ 108,974	$ 111,593	$ 14,966	$ 1,560	$ 16,177	$ 259,465

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Disaster Relief Redemption	Water Facilities Loan Redemption	Capital Debt	Pennsylvania Higher Educational Facilities Authority	State Public School Building Authority	Land and Water Development Sinking	Other	Total
REVENUES:								
Charges for sales and services	$	$	$ 20,038	$	$	$	$	$ 20,038
Investment income	1	33	686	16,428	2,030	. . . .	2,692	21,870
Lease rental principal and interest	. . . .	. . . .	13,454	. . . .	. . . .	. . . .	. . . .	13,454
Other	400	. . . .	157	22	16	. . . .	7	602
TOTAL REVENUES	401	33	34,335	16,450	2,046	. . . .	2,699	55,964
EXPENDITURES:								
Debt Service:								
Principal retirement	5,735	7,045	379,615	47,041	36,669	21,045	29,475	526,625
Interest and fiscal charges	4,940	7,709	243,799	98,233	18,323	15,312	11,696	400,012
TOTAL EXPENDITURES	10,675	14,754	623,414	145,274	54,992	36,357	41,171	926,637
REVENUES UNDER EXPENDITURES	(10,274)	(14,721)	(589,079)	(128,824)	(52,946)	(36,357)	(38,472)	(870,673)
OTHER FINANCING SOURCES (USES):								
Bond proceeds	. . . .	. . . .	. . . .	15,030	. . . .	. . . .	. . . .	15,030
Refunding bond proceeds	. . . .	. . . .	50,456	34,645	. . . .	. . . .	. . . .	85,101
Operating transfers in	10,276	14,723	592,746	137,214	54,700	36,351	41,095	887,105
Operating transfers out	. . . .	. . . .	. . . .	(39,697)	(3,686)	. . . .	(2,284)	(45,667)
Payment to refunded bond escrow agent	. . . .	. . . .	(50,456)	(34,645)	. . . .	. . . .	. . . .	(85,101)
NET OTHER FINANCING SOURCES	10,276	14,723	592,746	112,547	51,014	36,351	38,811	856,468
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2	2	3,667	(16,277)	(1,932)	(6)	339	(14,205)
FUND BALANCES, JULY 1, 1990	. . . .	34	303	127,870	16,898	9	869	145,983
FUND BALANCES, JUNE 30, 1991	$ 2	$ 36	$ 3,970	$ 111,593	$ 14,966	$ 3	$ 1,208	$ 131,778

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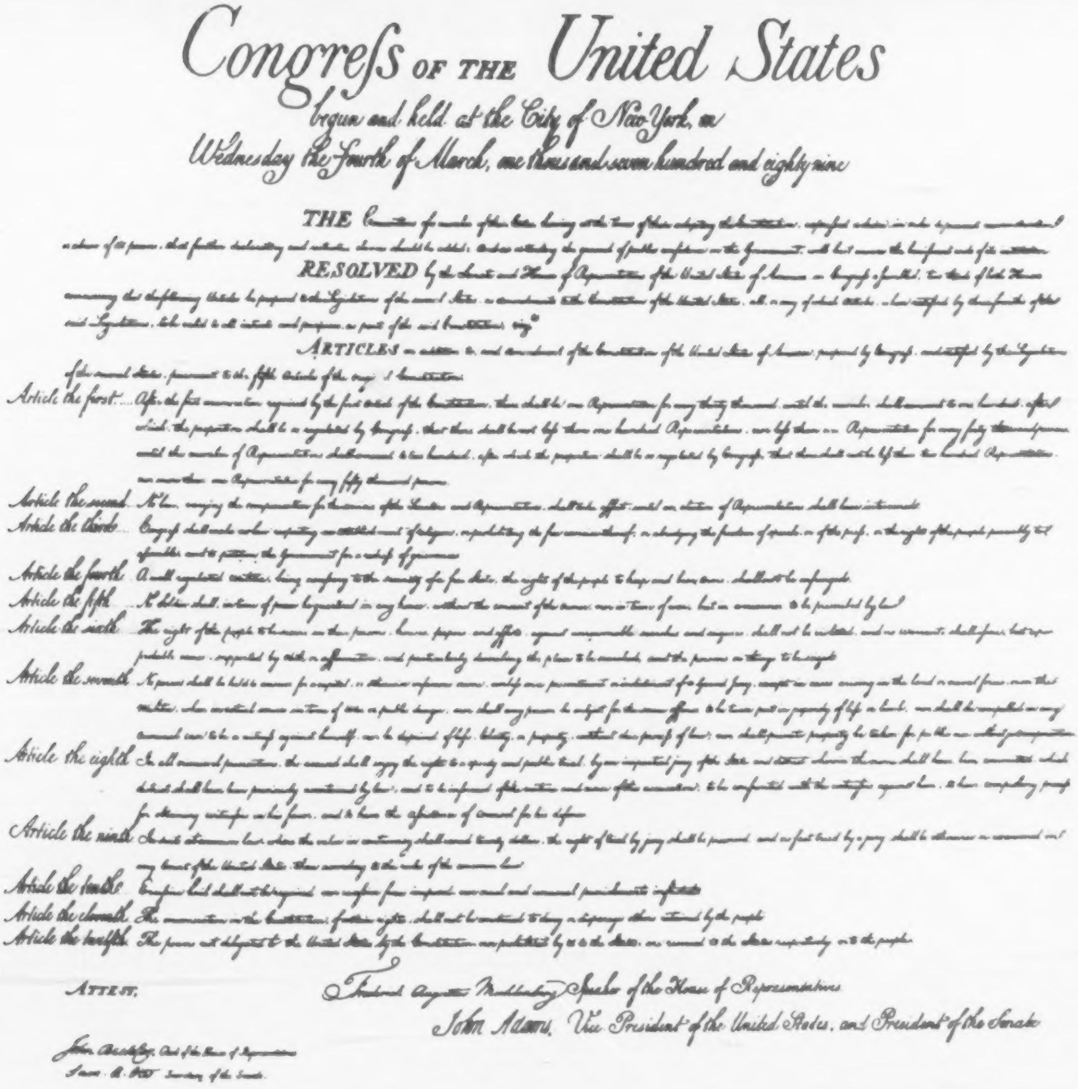
Capital Projects Funds



Congreſs of the United States
begun and held at the City of New-York, on
Wednesday the Fourth of March, one thousand seven hundred and eighty nine

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Fourth* Amendment

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

CAPITAL PROJECTS FUNDS DESCRIPTIONS

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities, including those provided to political subdivisions or other public organizations.

Capital Facilities Fund — to account for the proceeds of general obligation bonds issued to meet the financing costs of capital projects specifically itemized and authorized by Capital Budget Acts.

Pennsylvania Higher Educational Facilities Authority — to account for proceeds of bonds issued to finance the construction and improvement of higher educational institutions.

State Public School Building Authority — to account for the proceeds of bonds issued to finance the construction and improvement of public school facilities.

Land and Water Development Fund — to account for the proceeds of bonds issued to meet the financing costs for the acquisition, development and improvement to Commonwealth land and water facilities.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Capital Facilities	Pennsylvania Higher Educational Facilities Authority	State Public School Building Authority	Land and Water Development	Total
ASSETS					
Cash	$ 7	$ 5,053	$ 575	$ 6	$ 5,641
Temporary investments	128,711	99,617	77,715	1,310	307,353
Long-term investments	....	24,475	3,479	....	27,954
Receivables, net:					
Accrued interest	748	737	483	7	1,975
Due from other funds	....	....	....	27	27
Other assets	....	....	706	....	706
TOTAL ASSETS	$ 129,466	$ 129,882	$ 82,958	$ 1,350	$ 343,656
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 81,661	$	$ 10,289	$ 139	$ 92,089
Due to other funds	33,782	....	....	90	33,872
Due to other governments	....	....	....	6	6
Other Liabilities	....	1,420	1,672	....	3,092
TOTAL LIABILITIES	115,443	1,420	11,961	235	129,059
Fund Balance:					
Reserved for:					
Encumbrances	299,716	....	....	480	300,196
Long-term investments	....	24,475	3,479	....	27,954
Unreserved:					
Designated for:					
Capital projects	....	103,987	67,518	635	172,140
Undesignated (deficit)	(285,693)	....	....	....	(285,693)
TOTAL FUND BALANCES	14,023	128,462	70,997	1,115	214,597
TOTAL LIABILITIES AND FUND BALANCES	$ 129,466	$ 129,882	$ 82,958	$ 1,350	$ 343,656

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Capital Facilities	Pennsylvania Higher Educational Facilities Authority	State Public School Building Authority	Land and Water Development	Total
REVENUES:					
Intergovernmental	$ 9,765	$	$	$	$ 9,765
Charges for goods and services	20,141	. . . .	. . . .	. . . .	20,141
Investment income	6,830	10,042	6,000	81	22,953
Other	. . . .	9,486	200	163	9,849
TOTAL REVENUES	36,736	19,528	6,200	244	62,708
EXPENDITURES:					
General government	2,219	. . . .	. . . .	. . . .	2,219
Public education	. . . .	244,099	59,616	. . . .	303,715
Economic development and assistance	46,180	. . . .	. . . .	. . . .	46,180
Transportation	95,550	. . . .	. . . .	. . . .	95,550
Capital outlay	244,190	. . . .	. . . .	2,556	246,746
Debt service:					
Interest and fiscal charges	185	. . . .	. . . .	3	188
TOTAL EXPENDITURES	388,324	244,099	59,616	2,559	694,598
REVENUES UNDER EXPENDITURES	(351,588)	(224,571)	(53,416)	(2,315)	(631,890)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	490,174	196,720	34,969	1,969	723,832
Operating transfers in	. . . .	150,225	. . . .	. . . .	150,225
Operating transfers out	(120,785)	(151,262)	(1,180)	(79)	(273,306)
NET OTHER FINANCING SOURCES	369,389	195,683	33,789	1,890	600,751
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,801	(28,888)	(19,627)	(425)	(31,139)
FUND BALANCES, JULY 1, 1990	30,918	157,350	90,624	1,540	280,432
RESIDUAL EQUITY TRANSFERS	(34,696)	. . . .	. . . .	. . . .	(34,696)
FUND BALANCES, JUNE 30, 1991	$ 14,023	$ 128,462	$ 70,997	$ 1,115	$ 214,597

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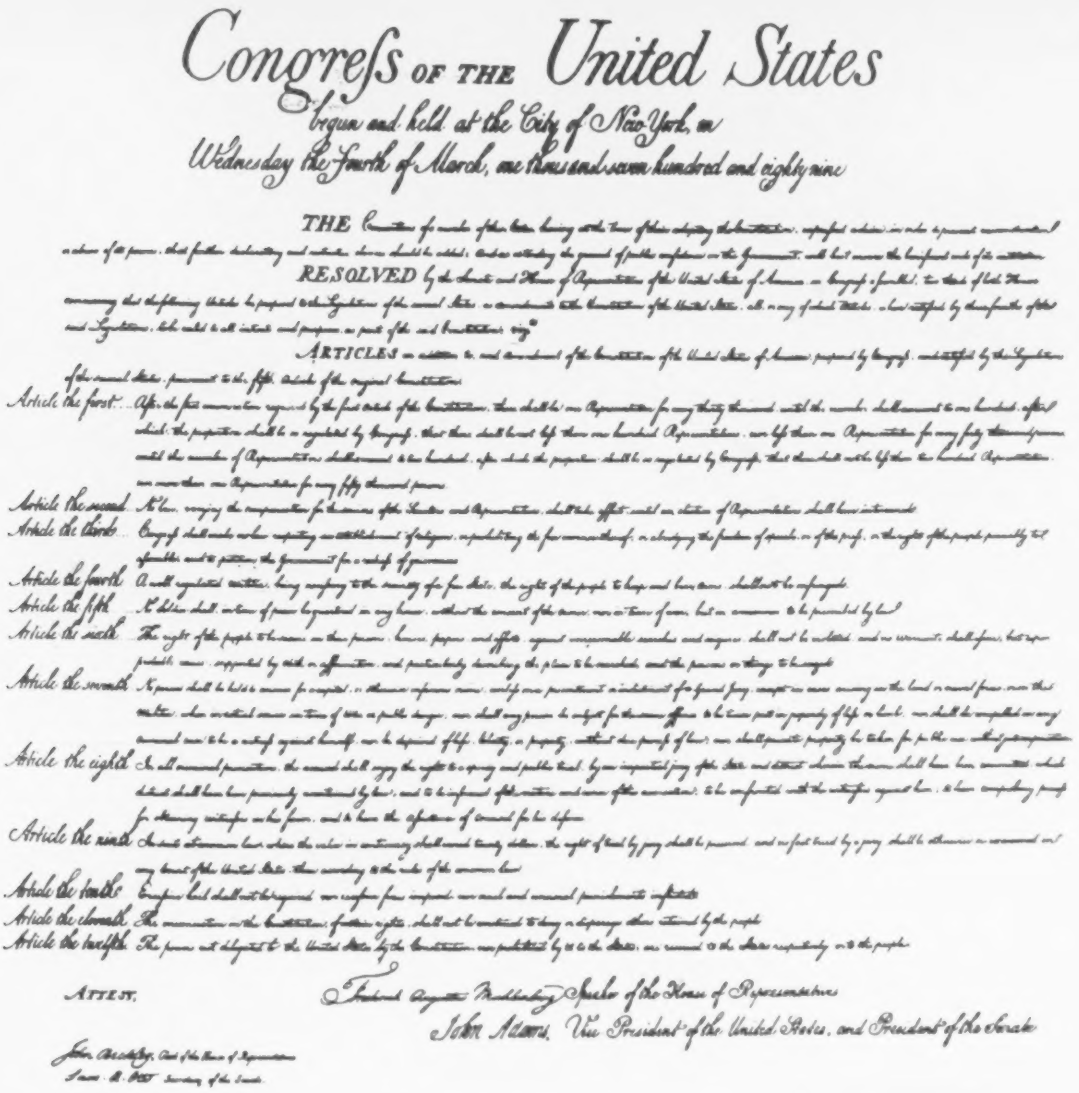
Enterprise Funds



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Article the twelfth

Attest,

Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

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**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Fifth* Amendment

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb, nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

ENTERPRISE FUNDS DESCRIPTIONS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs of providing goods and services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Pennsylvania Turnpike Commission (PTC) — to account for the construction, operation and maintenance of the Pennsylvania Turnpike System. The PTC was created as an instrumentality of the Commonwealth with powers to issue revenue bonds payable from tolls and other revenues collected.

Pennsylvania Industrial Development Authority — to account for loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Earnings of the Authority and repayments of loans receivable are reinvested in additional loans.

State Workmen's Insurance Fund — to account for and provide workmen's compensation insurance to private employers in the Commonwealth, including those unable to obtain coverage from private insurance firms.

State Stores Fund — to account for the general operation of the Pennsylvania Liquor Control Board. Expenses include all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Control Law.

Pennsylvania Higher Education Assistance Agency — to account for a variety of programs, such as scholarships and student loans, designed to provide financial assistance to students and institutions of higher education. Earnings of the Agency and repayments of loans receivable are retained for additional loans and programmatic purposes.

Pennsylvania Housing Finance Agency — to account for financing the construction and rehabilitation of housing units for sale or rent to low and moderate income persons and families or the elderly, and to make or purchase loans to finance the purchase, construction, improvement or rehabilitation of owner-occupied single-family residences. Earnings of the Agency and repayments of notes and loans receivable are reinvested for financing of additional projects.

Pennsylvania Infrastructure Investment Authority (PENNVEST) — to account for loans and other financing activities for the construction, improvement, repair or rehabilitation of drinking water supply and sewage disposal systems throughout the Commonwealth. PENNVEST was created as an instrumentality of the Commonwealth, funded by contributed capital from other funds and general obligation bonds authorized by referendum. Earnings of the authority and repayments of loans are reinvested for additional financing activities.

Other — to account for enterprise operations including activities associated with low interest loans to manufacturers, minority business loans, vocational rehabilitation services, and loans to volunteer fire, ambulance and rescue companies, and loans and grants issued to attract industrial, manufacturing or research and development enterprises to the Commonwealth of Pennsylvania.

COMBINING BALANCE SHEET
ENTERPRISE FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Pennsylvania Turnpike Commission (May 31, 1991)	Pennsylvania Industrial Development Authority	State Workmen's Insurance (Dec. 31, 1990)	State Stores (June 25, 1991)	Pennsylvania Higher Education Assistance Agency	Pennsylvania Housing Finance Agency	Pennsylvania Infrastructure Investment Authority	Other	Total
ASSETS									
Cash	$ 2,111	$ 910	$ 3,116	$ 3,915	$ 33,573	$	$ 2,920	$ 265	$ 46,810
Temporary investments	959,016	98,534	202,561	32,976	195,217	614,378	44,067	134,044	2,280,793
Long-term investments	34,802	6,617	724,363	. . . .	36,680	142,193	. . . .	180	944,835
Receivables, net:									
Accounts	3,986	. . . .	22,849	1,739	11,106	. . . .	. . . .	112	39,792
Accrued interest	9,194	2,748	16,406	180	55,627	675	466	1,677	86,973
Loans	. . . .	416,758	. . . .	. . . .	1,123,465	1,715,030	297,966	128,182	3,681,401
Other	. . . .	12,301	. . . .	. . . .	. . . .	2	2,395	. . . .	14,698
Due from other funds	. . . .	. . . .	125	237	. . . .	. . . .	. . . .	2,651	3,013
Due from other governments	. . . .	. . . .	. . . .	. . . .	38,045	. . . .	. . . .	3	38,048
Inventory	7,101	. . . .	. . . .	96,784	. . . .	. . . .	. . . .	217	104,102
Fixed assets	1,796,242	. . . .	6,636	44,388	50,368	3,696	116	22,137	1,923,583
Less: accumulated depreciation	(764,904)	. . . .	(4,370)	(19,972)	(18,283)	(1,778)	(40)	(20,464)	(829,811)
Other assets	15,894	7,529	605	324	14,611	13,667	743	. . . .	53,373
TOTAL ASSETS	$ 2,063,442	$ 545,397	$ 972,291	$ 160,571	$ 1,540,409	$ 2,487,863	$ 348,633	$ 269,004	$ 8,387,610
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable and accrued liabilities	$ 110,416	$ 345	$ 2,212	$ 64,431	$ 60,449	$ 70,181	$ 366	$ 2,576	$ 310,976
Due to other funds	3,926	75	1,247	17,165	875	16	51	311	23,666
Due to other governments	218	. . . .	21	217	10,091	. . . .	2	1	10,550
Deferred revenue	. . . .	13	32,477	. . . .	31,216	1,589	2	1,159	66,456
Notes payable	. . . .	. . . .	. . . .	. . . .	369,207	24,553	. . . .	. . . .	393,760
Demand revenue bonds payable	. . . .	. . . .	. . . .	. . . .	435,000	. . . .	. . . .	. . . .	435,000
Advances from other funds	. . . .	. . . .	2,000	66,000	. . . .	. . . .	. . . .	. . . .	68,000
Other liabilities	7,208	2,326	60,506	. . . .	10,650	125,467	. . . .	. . . .	206,157
Insurance loss liability	. . . .	. . . .	785,788	. . . .	. . . .	. . . .	. . . .	. . . .	785,788
Revenue bonds payable	1,024,121	276,402	. . . .	. . . .	413,000	1,950,275	60,000	. . . .	3,723,798
TOTAL LIABILITIES	1,145,889	279,161	884,251	147,813	1,330,488	2,172,081	60,421	4,047	6,024,151
Fund Equity:									
Contributed capital	46,725	144,740	. . . .	2,294	. . . .	1,960	279,494	222,655	697,868
Retained earnings:									
Reserved	870,828	. . . .	74,614	. . . .	128,232	25,268	. . . .	5,025	1,103,967
Unreserved	. . . .	121,496	13,426	10,464	81,689	288,554	8,718	37,277	561,624
TOTAL FUND EQUITY	917,553	266,236	88,040	12,758	209,921	315,782	288,212	264,957	2,363,459
TOTAL LIABILITIES AND FUND EQUITY	$ 2,063,442	$ 545,397	$ 972,291	$ 160,571	$ 1,540,409	$ 2,487,863	$ 348,633	$ 269,004	$ 8,387,610

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Pennsylvania Turnpike Commission (May 31, 1991)	Pennsylvania Industrial Development Authority	State Workmen's Insurance (Dec. 31, 1990)	State Stores (June 25, 1991)	Pennsylvania Higher Education Assistance Agency	Pennsylvania Housing Finance Agency	Pennsylvania Infrastructure Investment Authority	Other	Total
OPERATING REVENUES:									
Sales and services	$ 214,753	$	$ 220,514	$ 657,257	$ 258,376	$ 6,074	$	$ 17,872	$ 1,374,846
Investment income	. . . .	11,044	94,593	. . . .	25,289	60,546	4,444	9,218	205,134
Interest on notes and loans	. . . .	17,265	. . . .	. . . .	89,678	143,607	4,005	4,311	258,866
Other	5,968	654	. . . .	. . . .	. . . .	4,353	124	1,254	12,353
TOTAL OPERATING REVENUES	220,721	28,963	315,107	657,257	373,343	214,580	8,573	32,655	1,851,199
OPERATING EXPENSES:									
Cost of sales and services	115,103	2,055	362,365	610,369	469,188	9,944	1,944	16,060	1,587,028
Interest expense	. . . .	11,015	455	. . . .	78,359	172,817	1,785	359	264,790
Depreciation	63,521	. . . .	588	4,561	6,408	245	23	834	76,180
Bad debts	. . . .	1,569	9,010	629	. . . .	9,054	3,162	3,644	27,068
TOTAL OPERATING EXPENSES	178,624	14,639	372,418	615,559	553,955	192,060	6,914	20,897	1,955,066
OPERATING INCOME (LOSS)	42,097	14,324	(57,311)	41,698	(180,612)	22,520	1,659	11,758	(103,867)
NONOPERATING REVENUES (EXPENSES):									
Investment income	26,264	. . . .	. . . .	2,548	. . . .	. . . .	. . . .	1,100	29,912
Interest expense	(8,581)	. . . .	. . . .	(93)	. . . .	. . . .	. . . .	(28)	(8,702)
Policyholder dividends	. . . .	. . . .	(53,915)	. . . .	. . . .	. . . .	. . . .	. . . .	(53,915)
Other	. . . .	(7,592)	. . . .	. . . .	. . . .	(1,166)	. . . .	232	(8,526)
NONOPERATING REVENUES (EXPENSES), NET	17,683	(7,592)	(53,915)	2,455	. . . .	(1,166)	. . . .	1,304	(41,231)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	59,780	6,732	(111,226)	44,153	(180,612)	21,354	1,659	13,062	(145,098)
OPERATING TRANSFERS:									
Operating transfers in	. . . .	. . . .	. . . .	. . . .	186,452	6,500	. . . .	. . . .	192,952
Operating transfers out	. . . .	. . . .	(120,000)	(39,428)	. . . .	. . . .	. . . .	. . . .	(159,428)
OPERATING TRANSFERS, NET	. . . .	. . . .	(120,000)	(39,428)	186,452	6,500	. . . .	. . . .	33,524
NET INCOME (LOSS)	59,780	6,732	(231,226)	4,725	5,840	27,854	1,659	13,062	(111,574)
RETAINED EARNINGS, AS RESTATED, JULY 1, 1990	811,048	114,764	324,266	5,739	204,081	285,968	7,059	29,240	1,782,165
RESIDUAL EQUITY TRANSFER	. . . .	. . . .	(5,000)	. . . .	. . . .	. . . .	. . . .	. . . .	(5,000)
RETAINED EARNINGS, JUNE 30, 1991	$ 870,828	$ 121,496	$ 88,040	$ 10,464	$ 209,921	$ 313,822	$ 8,718	$ 42,302	$ 1,665,591

COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

CASH PROVIDED FROM (USED FOR) OPERATIONS:	Pennsylvania Turnpike Commission (May 31, 1991)	Pennsylvania Industrial Development Authority	State Workmen's Insurance (Dec. 31, 1990)	State Stores (June 25, 1991)
Operating income (loss)	$ 42,097	$ 14,324	$ (57,311)	$ 41,698
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	63,521	. . . .	588	4,561
Amortization	. . . .	417	. . . .	. . . .
Provision for uncollectible accounts	. . . .	1,569	9,010	629
Change in assets and liabilities:				
(Increase)/decrease in receivables	254	(16,341)	(2,967)	(1,627)
(Increase)/decrease in due from other funds	. . . .	. . . .	22	(237)
(Increase)/decrease in due from other governments	. . . .	. . . .	. . . .	. . . .
(Increase)/decrease in inventory	(1,254)	. . . .	. . . .	13,062
(Increase)/decrease in other assets	(1,378)	(5,772)	1,478	(245)
Increase/(decrease) in accounts payable and accrued liabilities	32,094	221	(2,924)	(7,955)
Increase/(decrease) in due to other funds	. . . .	(8)	1,001	1,196
Increase/(decrease) in due to other governments	. . . .	. . . .	4	(16)
Increase/(decrease) in deferred revenue	. . . .	(12)	4,495	. . . .
Increase in insurance loss liability	. . . .	. . . .	99,241	. . . .
Increase/(decrease) in other liabilities	5,068	(2,277)	(9,366)	. . . .
Total adjustments	98,305	(22,203)	100,582	9,368
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	140,402	(7,879)	43,271	51,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from issuance of notes payable and revenue bonds	. . . .	276,402	. . . .	. . . .
Principal paid on notes payable and revenue bonds	. . . .	(91,039)	. . . .	(414)
Interest paid on notes payable and revenue bonds	. . . .	. . . .	. . . .	(1)
Operating transfers in	. . . .	. . . .	. . . .	. . . .
Operating transfers out	. . . .	. . . .	(120,000)	(39,428)
Residual equity transfer out	. . . .	. . . .	(5,000)	. . . .
Increases (decrease) in contributed capital	. . . .	(214,000)	. . . .	. . . .
Nonoperating expenses	. . . .	(7,592)	. . . .	. . . .
NET CASH PROVIDED BY/(USED FOR) NONCAPITAL FINANCING ACTIVITIES	. . . .	(36,229)	(125,000)	(39,843)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of revenue bonds	60,000	. . . .	. . . .	. . . .
Principal paid on revenue bonds	(64,135)	. . . .	. . . .	. . . .
Interest paid on revenue bonds	(70,452)	. . . .	. . . .	. . . .
Increases in contributed capital	. . . .	. . . .	. . . .	. . . .
Decreases in contributed capital	. . . .	. . . .	. . . .	. . . .
Acquisition and construction of capital assets	(309,713)	. . . .	(196)	(9,232)
Proceeds from sale of capital assets	. . . .	. . . .	. . . .	. . . .
(Gain)/loss on disposition of capital assets	. . . .	. . . .	. . . .	13
NET CASH PROVIDED BY/(USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(384,300)	. . . .	(196)	(9,219)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(988,572)	(14,321,721)	(299,512)	(485,995)
Proceeds from sale and maturities of investments	1,141,445	14,366,047	382,028	481,700
Investment income	91,038	. . . .	. . . .	2,548
Investment expense	. . . .	. . . .	. . . .	(92)
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES	243,911	44,326	82,516	(1,839)
NET INCREASE/(DECREASE) IN CASH	13	218	591	165
CASH, JULY 1, 1990	2,098	692	2,525	3,750
CASH, JUNE 30, 1991	**$ 2,111**	**$ 910**	**$ 3,116**	**$ 3,915**

For the Fiscal Year Ended June 30, 1991

(Expressed in Thousands)

Pennsylvania Higher Education Assistance Agency	Pennsylvania Housing Finance Agency	Pennsylvania Infrastructure Investment Authority	Other	Total
$ (180,612)	$ 22,520	$ 1,659	$ 11,758	$ (103,867)
6,408	245	23	834	76,180
. . . .	3,594	51	. . . .	4,062
. . . .	9,054	3,162	3,644	27,068
(169,668)	(215,940)	(161,731)	(16,126)	(584,146)
2	. . . .	9,367	(1,938)	7,216
(867)	. . . .	. . . .	6	(861)
. . . .	. . . .	. . . .	49	11,857
(803)	(1,240)	(794)	. . . .	(8,754)
21,328	2,331	(175)	131	45,051
37	16	(7)	(48)	2,187
(7,518)	. . . .	. . . .	. . . .	(7,530)
3,392	184	. . . .	76	8,135
. . . .	. . . .	. . . .	. . . .	99,241
5,107	11,184	. . . .	. . . .	9,716
(142,582)	(190,572)	(150,104)	(13,372)	(310,578)
(323,194)	(168,052)	(148,445)	(1,614)	(414,445)
105,180	253,823	. . . .	. . . .	635,405
(85,394)	(156,944)	. . . .	. . . .	(333,791)
. . . .	. . . .	. . . .	. . . .	(1)
186,452	6,500	. . . .	. . . .	192,952
. . . .	. . . .	. . . .	. . . .	(159,428)
. . . .	. . . .	. . . .	. . . .	(5,000)
. . . .	. . . .	. . . .	4,047	(209,953)
. . . .	(1,166)	. . . .	232	(8,526)
206,238	102,213	. . . .	4,279	111,658
(1,369)	. . . .	60,000	. . . .	118,631
. . . .	. . . .	. . . .	. . . .	(64,135)
. . . .	. . . .	. . . .	. . . .	(70,452)
. . . .	. . . .	70,610	. . . .	70,610
. . . .	. . . .	(10,408)	. . . .	(10,408)
(6,767)	(604)	(18)	(582)	(327,112)
. . . .	. . . .	. . . .	90	90
. . . .	. . . .	. . . .	(73)	(60)
(8,136)	(604)	120,184	(565)	(282,836)
(371,345)	(1,458,059)	(141,081)	(50,964)	(18,117,249)
518,109	1,524,502	171,658	47,737	18,633,226
. . . .	. . . .	. . . .	1,112	94,698
. . . .	. . . .	. . . .	(28)	(120)
146,764	66,443	30,577	(2,143)	610,555
21,672	. . . .	2,316	(43)	24,932
11,901	. . . .	604	308	21,878
$ 33,573	**$ . . . .**	**$ 2,920**	**$ 265**	**$ 46,810**

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Internal Service Funds

Congreſs OF THE United States
begun and held at the City of New-York, on
Wednesday the fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first

Article the second

Article the third

Article the fourth

Article the fifth

Article the sixth

Article the seventh

Article the eighth

Article the ninth

Article the tenth

Article the eleventh

Article the twelfth

ATTEST,

Frederick Augustus Muhlenberg Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

John Beckley, Clerk of the House of Representatives

Sam. A. Otis Secretary of the Senate

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Sixth* Amendment

In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed; which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the Assistance of Counsel for his defence.

INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis.

Purchasing Fund — to account for the purchase of materials, supplies, motor vehicles and other equipment by the Department of General Services for the sale or lease to other Commonwealth departments, boards and commissions.

Manufacturing Fund — to account for the manufacture and sale of goods by inmates in the institutions of the Department of Corrections.

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)		
	Purchasing	Manufacturing (June 24, 1991)	Total
ASSETS			
Cash	$ 139	$ 302	$ 441
Temporary investments	7,197	3,073	10,270
Receivables, net:			
Accounts	7	. . . .	7
Accrued interest	35	16	51
Other	. . . .	152	152
Due from other funds	8,610	3,958	12,568
Due from other governments	394	148	542
Inventory	1,869	9,285	11,154
Fixed assets	32,562	12,386	44,948
Less: accumulated depreciation	(19,024)	(7,778)	(26,802)
Other assets	. . . .	2	2
TOTAL ASSETS	$ 31,789	$ 21,544	$ 53,333
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	$ 9,692	$ 3,025	$ 12,717
Due to other funds	453	203	656
Due to other governments	17	17	34
Deferred revenue	22	. . . .	22
Other liabilities	. . . .	54	54
TOTAL LIABILITIES	10,184	3,299	13,483
Fund Equity:			
Contributed capital	9,386	. . . .	9,386
Retained earnings:			
Unreserved	12,219	18,245	30,464
TOTAL FUND EQUITY	21,605	18,245	39,850
TOTAL LIABILITIES AND FUND EQUITY	$ 31,789	$ 21,544	$ 53,333

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Purchasing	Manufacturing (June 24, 1991)	Total
OPERATING REVENUES:			
Sales and services	$ 18,859	$ 19,531	$ 38,390
Other	. . . .	36	36
TOTAL OPERATING REVENUES	18,859	19,567	38,426
OPERATING EXPENSES:			
Cost of sales and services	15,945	18,822	34,767
Depreciation	4,807	573	5,380
TOTAL OPERATING EXPENSES	20,752	19,395	40,147
OPERATING INCOME (LOSS)	(1,893)	172	(1,721)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,110	353	1,463
Interest expense	13	(11)	2
Other	. . . .	163	163
NONOPERATING REVENUES, NET	1,123	505	1,628
NET INCOME (LOSS)	(770)	677	(93)
RETAINED EARNINGS, JULY 1, 1990	12,989	17,568	30,557
RETAINED EARNINGS, JUNE 30, 1991	$ 12,219	$ 18,245	$ 30,464

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Purchasing	Manufacturing (June 24, 1991)	Total
CASH PROVIDED FROM (USED FOR) OPERATIONS:			
Operating income (loss)	$ (1,893)	$ 172	$ (1,721)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Depreciation	4,807	573	5,380
Changes in assets and liabilities:			
(Increase) decrease in receivables	16	(76)	(60)
(Increase) decrease in due from other funds	362	(2,255)	(1,893)
(Increase) decrease in due from other governments	449	(131)	318
Decrease in inventory	628	222	850
Decrease in other assets	....	42	42
Increase in accounts payable and accrued liabilities	1,084	176	1,260
Increase (decrease) in due to other funds	(7,327)	22	(7,305)
Increase in due to other governments	1	2	3
Decrease in deferred revenue	(104)	....	(104)
Decrease in other liabilities	....	(46)	(46)
TOTAL ADJUSTMENTS	(84)	(1,471)	(1,555)
NET CASH USED FOR OPERATING ACTIVITIES	(1,977)	(1,299)	(3,276)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating revenue	....	170	170
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	....	170	170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTS:			
Interest paid on revenue bonds	(34)	....	(34)
Acquisition and construction of capital assets	(2,253)	(696)	(2,949)
Proceeds from sale of capital assets	478	....	478
Loss on disposition of capital assets	35	....	35
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,774)	(696)	(2,470)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(34,957)	(12,836)	(47,793)
Proceeds from sale and maturities of investments	37,493	14,314	51,807
Investment income	1,220	367	1,587
Interest expense	(32)	(11)	(43)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,724	1,834	5,558
NET INCREASE (DECREASE) IN CASH	(27)	9	(18)
CASH, JULY 1, 1990	166	293	459
CASH, JUNE 30, 1991	**$ 139**	**$ 302**	**$ 441**

Trust and Agency Funds

Congreſs OF THE United States
begun and held at the City of New-York, on
Wednesday the Fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first

Article the second

Article the third

Article the fourth

Article the fifth

Article the sixth

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Article the tenth

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Article the twelfth

ATTEST,

Frederick Augustus Muhlenberg Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Seventh* Amendment

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

TRUST AND AGENCY FUNDS DESCRIPTIONS

Trust and Agency Funds account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Funds, Pension Trust Funds and Agency Funds.

EXPENDABLE TRUST FUNDS

Unemployment Compensation Fund — to account for the receipt of employer and employe contributions under the unemployment compensation law, for the payment of unemployment compensation benefits to eligible individuals, to transfer and receive monies from the Federal Unemployment Trust Fund and to pay the interest due on the Federal Unemployment Compensation Title XII Advances.

Workmen's Compensation Security Trust Fund — to account for the payment of claims for compensation provided by the Workmen's Compensation Law to individuals who are insured by an insolvent stock insurance company and for the administrative costs to administer the program.

Catastrophic Loss Benefits Continuation Fund — to account for the payment of medical and rehabilitative expenditures in excess of $100,000 to residents of Pennsylvania injured in a motor vehicle accident covered by the original Catastrophic Loss Trust Fund which is no longer in existence.

Other — to account for financial assistance to public schools or State Universities for repairs or alterations to buildings needed to satisfy the standards of the Department of Labor and Industry and for reimbursement to aggrieved individuals upon judgments against any person licensed by the Real Estate Commission.

PENSION TRUST FUNDS

State Employes' Retirement System — to account for the payment of retirement, disability and death benefits to members of the State Employes' Retirement System and their beneficiaries.

Public School Employes' Retirement System — to account for the payment of retirement, disability and death benefits to members of the Public School Employes' Retirement System and their beneficiaries.

TRUST AND AGENCY FUNDS—DESCRIPTIONS

AGENCY FUNDS

Social Security Contribution Fund — to hold the employers' and employes' social security deductions of Commonwealth and local government or other instrumentality employes and to remit such collections to the Federal Government.

Statutory Liquidator Fund — to convert the assets of insolvent insurance companies into cash for distribution to creditors, policyholders and stockholders.

Deferred Compensation Fund — to collect and administer funds contributed by Commonwealth employes who are deferring a portion of their income until future years, in accordance with Internal Revenue Code Section 457.

Fire Insurance Tax Fund — to collect a two-percent tax paid on premiums received from foreign (out-of-state) fire insurance companies conducting business in the Commonwealth and to distribute monies to local governments based on the amount of foreign fire insurance sold in their municipality. The municipalities must pay these monies to the relief, pension or retirement fund of their recognized fire fighting organization.

Municipal Pension Aid Fund — to collect a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax for distribution to municipalities for their distribution to the various municipal, police and fire pension funds.

Medical Professional Liability Catastrophe Loss Fund — to collect annual surcharges levied on health care providers to make available professional liability insurance at a reasonable cost to health care providers.

Other — to collect and administer funds from various sources for distribution to other governments and for the personal needs of patients and inmates at State institutions.

COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Expendable Trust Funds	Pension Trust Funds	Agency Funds	Total
ASSETS				
Cash	$ 154	$ 69	$ 5,943	$ 6,166
Cash with fiscal agents	1,455,333	. . . .	. . . .	1,455,333
Temporary investments	17,492	1,518,657	408,430	1,944,579
Long-term investments	238,823	25,381,162	54,168	25,674,153
Receivables, net:				
Taxes	256,254	. . . .	4,144	260,398
Accounts	6,628	. . . .	28,954	35,582
Accrued interest	6,037	266,370	2,098	274,505
Pension contributions	. . . .	260,045	. . . .	260,045
Other	. . . .	14,884	. . . .	14,884
Due from other funds	24,852	383,768	378	408,998
Due from other governments	14,464	12,984	2,022	29,470
Fixed assets	. . . .	8,451	. . . .	8,451
Less: accumulated depreciation	. . . .	(3,210)	. . . .	(3,210)
Other assets	. . . .	303,602	3,881	307,483
TOTAL ASSETS	$ 2,020,037	$28,146,782	$ 510,018	$30,676,837
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 116,122	$ 100,378	$ 56,815	$ 273,315
Investment purchases payable	. . . .	436,951	. . . .	436,951
Tax refunds payable	1,686	. . . .	. . . .	1,686
Obligations under reverse repurchase agreements	. . . .	125,531	. . . .	125,531
Due to other funds	21,604	609	1,102	23,315
Due to other governments	3,702	. . . .	190,457	194,159
Other liabilities	. . . .	. . . .	261,644	261,644
TOTAL LIABILITIES	143,114	663,469	510,018	1,316,601
Fund Balance:				
Reserved for:				
Encumbrances	3,037	. . . .	. . . .	3,037
Pension benefits	. . . .	27,483,313	. . . .	27,483,313
Long-term investments	238,823	. . . .	. . . .	238,823
Unreserved:				
Designated for:				
Other	13,526	. . . .	. . . .	13,526
Undesignated	1,621,537	. . . .	. . . .	1,621,537
TOTAL FUND BALANCES	1,876,923	27,483,313	. . . .	29,360,236
TOTAL LIABILITIES AND FUND BALANCES	$ 2,020,037	$28,146,782	$ 510,018	$30,676,837

COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Unemployment Compensation	Workmen's Compensation Security Trust	Catastrophic Loss Benefits Continuation	Other	Total
ASSETS					
Cash	$	$ 135	$ 14	$ 5	$ 154
Cash with fiscal agents	1,455,333	. . . .	. . . .	. . . .	1,455,333
Temporary investments	2,111	7,125	6,164	2,092	17,492
Long-term investments	. . . .	238,248	. . . .	575	238,823
Receivables, net:					
Taxes	256,254	. . . .	. . . .	. . . .	256,254
Accounts	. . . .	31	6,597	. . . .	6,628
Accrued interest	32	5,969	26	10	6,037
Due from other funds	3,351	21,500	. . . .	1	24,852
Due from other governments	14,464	. . . .	. . . .	. . . .	14,464
TOTAL ASSETS	$ 1,731,545	$ 273,008	$ 12,801	$ 2,683	$ 2,020,037
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 63,697	$ 18,534	$ 33,863	$ 28	$ 116,122
Tax refunds payable	1,686	. . . .	. . . .	. . . .	1,686
Due to other funds	. . . .	17	21,587	. . . .	21,604
Due to other governments	3,701	. . . .	1	. . . .	3,702
Deferred revenue	. . . .	. . . .	. . . .	. . . .	. . . .
TOTAL LIABILITIES	69,084	18,551	55,451	28	143,114
Fund Balance:					
Reserved for:					
Encumbrances	. . . .	2,891	. . . .	146	3,037
Long-term investments	. . . .	238,248	. . . .	575	238,823
Unreserved:					
Designated for:					
Other	. . . .	13,318	. . . .	208	13,526
Undesignated (deficit)	1,662,461	. . . .	(42,650)	1,726	1,621,537
TOTAL FUND BALANCES (DEFICIT)	1,662,461	254,457	(42,650)	2,655	1,876,923
TOTAL LIABILITIES AND FUND BALANCES	$ 1,731,545	$ 273,008	$ 12,801	$ 2,683	$ 2,020,037

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Unemployment Compensation	Workmen's Compensation Security Trust	Catastrophic Loss Benefits Continuation	Other	Total
REVENUES:					
Taxes	$ 6,012	$	$	$	$ 6,012
Unemployment taxes	1,174,513	....	....	....	1,174,513
Licenses and fees	....	22,755	36,039	57	58,851
Investment income	141,579	22,659	227	202	164,667
Other	442	600	13	....	1,055
TOTAL REVENUES	1,322,546	46,014	36,279	259	1,405,098
EXPENDITURES:					
Current:					
General government	....	3,438	2,632	50	6,120
Protection of persons and property	....	25,131	54,142	148	79,421
Public health and welfare	1,612,130	....	....	....	1,612,130
Public education	....	....	....	47	47
Debt service:					
Interest and fiscal charges	11	....	7	4	22
TOTAL EXPENDITURES	1,612,141	28,569	56,781	249	1,697,740
REVENUES OVER (UNDER) EXPENDITURES	(289,595)	17,445	(20,502)	10	(292,642)
OTHER FINANCING SOURCES:					
Operating transfers in	....	....	....	11	11
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(289,595)	17,445	(20,502)	21	(292,631)
FUND BALANCES (DEFICIT), JULY 1, 1990	1,952,056	237,012	(22,148)	2,634	2,169,554
FUND BALANCES (DEFICIT), JUNE 30, 1991	$ 1,662,461	$ 254,457	$ (42,650)	$ 2,655	$ 1,876,923

COMBINING BALANCE SHEET
PENSION TRUST FUNDS

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	State Employes' Retirement System (December 31, 1990)	Public School Employes' Retirement System	Total
ASSETS			
Cash	$ 1	$ 68	$ 69
Temporary investments	446,952	1,071,705	1,518,657
Long-term investments	9,284,505	16,096,657	25,381,162
Receivables, net:			
Accrued interest	59,152	207,218	266,370
Pension contributions	. . . .	260,045	260,045
Other	14,884	. . . .	14,884
Due from other funds	98,112	285,656	383,768
Due from other governments	12,984	. . . .	12,984
Fixed assets	100	8,351	8,451
Less: accumulated depreciation	(87)	(3,123)	(3,210)
Other assets	. . . .	303,602	303,602
TOTAL ASSETS	$ 9,916,603	$18,230,179	$28,146,782
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 13,929	$ 86,449	$ 100,378
Investment purchases payable	. . . .	436,951	436,951
Obligations under reverse repurchase agreements	16,567	108,964	125,531
Due to other funds	194	415	609
TOTAL LIABILITIES	30,690	632,779	663,469
Fund Balance:			
Reserved for:			
Pension benefits	9,885,913	17,597,400	27,483,313
TOTAL FUND BALANCES	9,885,913	17,597,400	27,483,313
TOTAL LIABILITIES AND FUND BALANCES	$ 9,916,603	$18,230,179	$28,146,782

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	State Employes' Retirement System (December 31, 1990)	Public School Employes' Retirement System	Total
OPERATING REVENUES:			
Investment income	$ 114,174	$ 1,215,714	$ 1,329,888
Pension contributions	588,377	1,479,854	2,068,231
TOTAL OPERATING REVENUES	702,551	2,695,568	3,398,119
OPERATING EXPENSES:			
Cost of sales and services	7,374	12,538	19,912
Interest expense	....	1,905	1,905
Depreciation	26	1,090	1,116
Benefit payments and refunds	595,670	958,971	1,554,641
TOTAL OPERATING EXPENSES	603,070	974,504	1,577,574
OPERATING INCOME	99,481	1,721,064	1,820,545
OPERATING TRANSFERS:			
Operating transfers in	5,700	2,075	7,775
Operating transfers out	(3,855)	(11,506)	(15,361)
OPERATING TRANSFERS, NET	1,845	(9,431)	(7,586)
NET INCOME	101,326	1,711,633	1,812,959
FUND BALANCES, JULY 1, 1990	9,784,587	15,885,767	25,670,354
FUND BALANCES, JUNE 30, 1991	$ 9,885,913	$17,597,400	$27,483,313

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Balance July 1, 1990	Additions	Deductions	Balance June 30, 1991
SOCIAL SECURITY CONTRIBUTION FUND				
ASSETS				
Cash	$	$ 2,252	$ 2,252	$ . . . .
Temporary investments	14,956	2,256	3,690	13,522
Receivables, net:				
Accrued interest	107	1,138	1,176	69
Due from other governments	5,649	2,022	5,649	2,022
TOTAL ASSETS	$ 20,712	$ 7,668	$ 12,767	$ 15,613
LIABILITIES				
Due to other governments	$ 20,712	$ 1,114	$ 6,213	$ 15,613
TOTAL LIABILITIES	$ 20,712	$ 1,114	$ 6,213	$ 15,613
STATUTORY LIQUIDATOR FUND				
ASSETS				
Cash	$	$ 4,966	$ 4,966	$ . . . .
Temporary investments	89,108	1,125,364	1,115,698	98,774
Long-term investments	3,313	6,912	235	9,990
Receivables, net:				
Accounts	3,163	20,733	635	23,261
Accrued interest	662	7,085	7,189	558
Other assets	930	302	140	1,092
TOTAL ASSETS	$ 97,176	$1,165,362	$1,128,863	$ 133,675
LIABILITIES				
Other liabilities	$ 97,176	$ 38,513	$ 2,014	$ 133,675
TOTAL LIABILITIES	$ 97,176	$ 38,513	$ 2,014	$ 133,675
DEFERRED COMPENSATION FUND (December 31)				
ASSETS				
Cash	$	$ 49,728	$ 49,727	$ 1
Temporary investments	2,884	6,647	3,258	6,273
Long-term investments	18,284	27,167	1,821	43,630
Receivables, net:				
Accrued interest	18	2,569	2,548	39
Other assets	89	64	89	64
TOTAL ASSETS	$ 21,275	$ 86,175	$ 57,443	$ 50,007
LIABILITIES				
Accounts payable and accrued liabilities	$ 21,114	$ 29,377	$ 689	$ 49,802
Due to other funds	161	205	161	205
TOTAL LIABILITIES	$ 21,275	$ 29,582	$ 850	$ 50,007

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS — (continued)

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Balance July 1, 1990	Additions	Deductions	Balance June 30, 1991
FIRE INSURANCE TAX FUND				
ASSETS				
Cash	$ 1	$ 49,882	$ 49,882	$ 1
Temporary investments	48,323	49,923	48,317	49,929
Receivables, net:				
Accrued interest	333	337	420	250
TOTAL ASSETS	$ 48,657	$ 100,142	$ 98,619	$ 50,180
LIABILITIES				
Due to other funds	$ 333	$ 337	$ 420	$ 250
Due to other governments	48,324	49,874	48,268	49,930
TOTAL LIABILITIES	$ 48,657	$ 50,211	$ 48,688	$ 50,180
MUNICIPAL PENSION AID FUND				
ASSETS				
Cash	$ 1	$ 255,681	$ 255,681	$ 1
Temporary investments	111,812	126,370	122,992	115,190
Receivables, net:				
Accrued interest	769	4,525	4,728	566
Due from other funds	420	5,108	5,150	378
TOTAL ASSETS	$ 113,002	$ 391,684	$ 388,551	$ 116,135
LIABILITIES				
Due to other governments	$ 113,002	$ 132,444	$ 129,311	$ 116,135
TOTAL LIABILITIES	$ 113,002	$ 132,444	$ 129,311	$ 116,135
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND				
ASSETS				
Cash	$ 2	$ 288,017	$ 284,906	$ 3,113
Temporary investments	118,216	128,736	142,088	104,864
Receivables, net:				
Accounts	983	465	983	465
Accrued interest	801	8,271	8,550	522
TOTAL ASSETS	$ 120,002	$ 425,489	$ 436,527	$ 108,964
LIABILITIES				
Accounts payable and accrued liabilities	$ 2,684	$ 9,515	$ 9,799	$ 2,400
Due to other funds	37	117	116	38
Due to other governments	2	3	2	3
Other liabilities	117,279	122,263	133,019	106,523
TOTAL LIABILITIES	$ 120,002	$ 131,898	$ 142,936	$ 108,964

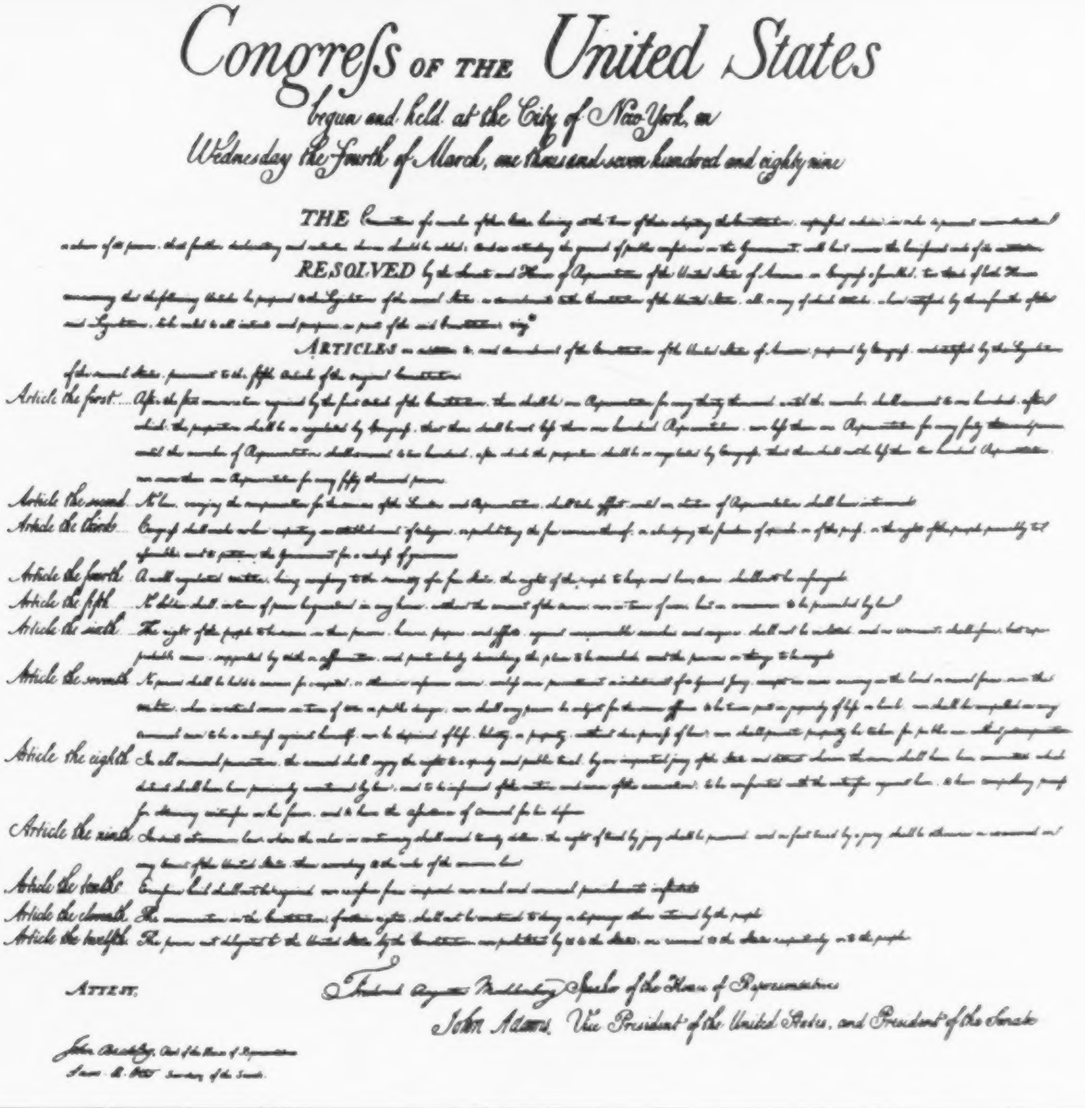
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS — (continued)

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)			
	Balance July 1, 1990	Additions	Deductions	Balance June 30, 1991
OTHER FUNDS				
ASSETS				
Cash	$ 3,093	$ 73,346	$ 73,612	$ 2,827
Temporary investments	21,152	32,891	34,165	19,878
Long-term investments	547	1	. . . .	548
Receivables, net:				
Taxes	4,228	4,144	4,228	4,144
Accounts	872	5,228	872	5,228
Accrued interest	102	94	102	94
Due from other funds	90	. . . .	90	. . . .
Other assets	2,074	861	210	2,725
TOTAL ASSETS	$ 32,158	$ 116,565	$ 113,279	$ 35,444
LIABILITIES				
Accounts payable and accrued liabilities	$ 803	$ 4,419	$ 609	$ 4,613
Due to other funds	189	609	189	609
Due to other governments	9,749	31,620	32,593	8,776
Other liabilities	21,417	30,168	30,139	21,446
TOTAL LIABILITIES	$ 32,158	$ 66,816	$ 63,530	$ 35,444
TOTAL — ALL FUNDS				
ASSETS				
Cash	$ 3,097	$ 723,872	$ 721,026	$ 5,943
Temporary investments	406,451	1,472,187	1,470,208	408,430
Long-term investments	22,144	34,080	2,056	54,168
Receivables, net:				
Taxes	4,228	4,144	4,228	4,144
Accounts	5,018	26,426	2,490	28,954
Accrued interest	2,792	24,019	24,713	2,098
Due from other funds	510	5,108	5,240	378
Due from other governments	5,649	2,022	5,649	2,022
Other assets	3,093	1,227	439	3,881
TOTAL ASSETS	$ 452,982	$2,293,085	$2,236,049	$ 510,018
LIABILITIES				
Accounts payable and accrued liabilities	$ 24,601	$ 43,311	$ 11,097	$ 56,815
Due to other funds	720	1,268	886	1,102
Due to other governments	191,789	215,055	216,387	190,457
Other liabilities	235,872	190,944	165,172	261,644
TOTAL LIABILITIES	$ 452,982	$ 450,578	$ 393,542	$ 510,018

General Fixed Assets Account Group



Congreſs of the United States
begun and held at the City of New-York, on
Wednesday the Fourth of March, one thousand seven hundred and eighty nine

THE

RESOLVED

ARTICLES

Article the first

Article the second

Article the third

Article the fourth

Article the fifth

Article the sixth

Article the seventh

Article the eighth

Article the ninth

Article the tenth

Article the eleventh

Article the twelfth

ATTEST,

Speaker of the House of Representatives

John Adams, Vice President of the United States, and President of the Senate

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**EXPLANATORY NOTES: On September 25, 1789, the Congress proposed twelve articles of amendment to the Constitution of the United States. Except for the first two, they were ratified by the required number of States by December 15, 1791, and these became the first ten amendments. They have since been known as the Bill of Rights.

The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Eighth* Amendment

Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

GENERAL FIXED ASSETS ACCOUNT GROUP DESCRIPTION

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for general government purposes. These include all fixed assets except those accounted for in Proprietary and Pension Trust Funds and College and University Funds.

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)			
	Balance July 1, 1990	**Additions**	**Retirements**	**Balance June 30, 1991**
GENERAL FIXED ASSETS:				
Land	$ 209,026	$ 7,434	$ 14	$ 216,446
Buildings	2,050,093	22,047	599	2,071,541
Improvements other than buildings	152,017	465	....	152,482
Furniture, machinery and equipment	419,321	35,354	14,471	440,204
	2,830,457	65,300	15,084	2,880,673
Construction in progress	69,044	83,325	21,408	130,961
Total General Fixed Assets	$2,899,501	$ 148,625	$ 36,492	$3,011,634
INVESTMENT IN GENERAL FIXED ASSETS:				
Acquired on or before June 30, 1986	$2,105,533	$	$ 13,791	$2,091,742
Acquired after June 30, 1986 from:				
General fund revenues	91,819	16,977	1,277	107,519
General obligation bonds	467,422	13,531	....	480,953
Federal grants	16,998	6,143	....	23,141
Special revenue funds	140,992	28,509	16	169,485
Donations	7,693	140	....	7,833
Total Sources	2,830,457	65,300	15,084	2,880,673
Construction in progress	69,044	83,325	21,408	130,961
Total Investment in General Fixed Assets	$2,899,501	$ 148,625	$ 36,492	$3,011,634

Funding sources for General Fixed Assets acquired on or before June 30, 1986 are not available.

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	Expressed in Thousands				
	Land	Buildings	Improvements Other Than Buildings	Furniture, Machinery And Equipment	Total
FUNCTION					
General government	$ 5,602	$ 381,802	$ 23,095	$ 46,518	457,017
Protection of persons and property	6,247	432,929	45,377	41,539	526,092
Public health and welfare	2,961	576,336	17,088	30,530	626,915
Public education	17,453	564,614	49,410	5,755	637,232
Conservation of natural resources	181,305	57,394	10,869	37,286	286,854
Economic development and assistance	....	....	....	144	144
Transportation	2,878	58,466	6,643	278,432	346,419
TOTALS ALLOCATED TO FUNCTIONS	$ 216,446	$2,071,541	$ 152,482	$ 440,204	2,880,673
Construction in progress					130,961
TOTAL GENERAL FIXED ASSETS					$3,011,634

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Fiscal Year Ended June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

	Expressed in Thousands					
	Balance July 1, 1990	Additions	Retirements	Transfers In	Transfers Out	Balance June 30, 1991
General government	$ 454,659	$ 3,558	$ 6,567	$ 6,300	$ 933	$ 457,017
Protection of persons and property	505,350	21,113	431	543	483	526,092
Public health and welfare	633,813	2,469	6,786	43	2,624	626,915
Public education	634,806	2,724	225	....	73	637,232
Conservation of natural resources	270,354	16,693	328	160	25	286,854
Economic development and assistance	144	....	....	....	....	144
Transportation	331,331	18,743	747	115	3,023	346,419
	2,830,457	65,300	15,084	7,161	7,161	2,880,673
Construction in progress	69,044	83,325	21,408	....	....	130,961
TOTALS	$2,899,501	$ 148,625	$ 36,492	$ 7,161	$ 7,161	$3,011,634

College and University Funds

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The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Ninth* Amendment

The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

COLLEGE AND UNIVERSITY FUNDS DESCRIPTION

The College and University Funds, which comprise the State System of Higher Education, are used to account for the transactions relating to the Office of the Chancellor and the state-owned universities of the Commonwealth.

The state-owned universities of the Commonwealth are as follows:

Bloomsburg University
California University
Cheyney University
Clarion University
East Stroudsburg University
Edinboro University
Indiana University of Pennsylvania
Kutztown University
Lock Haven University
Mansfield University
Millersville University
Shippensburg University
Slippery Rock University
West Chester University

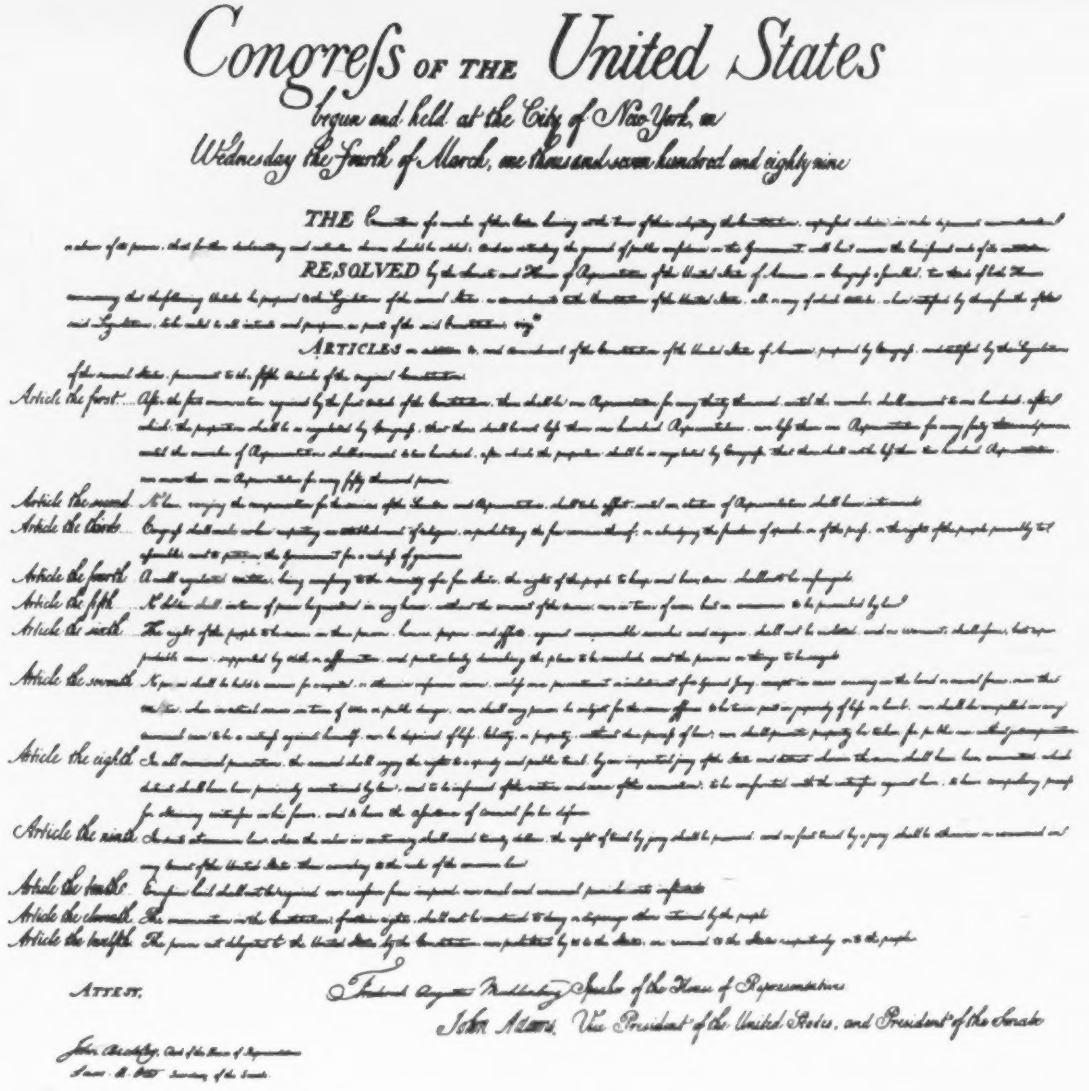
COMBINING BALANCE SHEET
College and University Funds

June 30, 1991

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	Current Funds				Plant Funds					
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Agency	Totals
ASSETS										
Cash	$ 6,399	$	$	$	$	$	$	$	$	$ 6,399
Temporary investments	174,667	....	....	....	66,122	....	....	....	....	240,789
Long-term investments	45	228	....	2,116	....	....	29,556	....	....	31,945
Receivables, net:										
Accounts	9,049	4,628	....	....	....	....	5	....	142	13,824
Accrued interest	....	....	....	92	11	....	....	....	....	103
Loans	....	....	21,783	....	....	....	....	....	....	21,783
Other	4,683	....	....	....	5	....	....	....	....	4,688
Due from other funds	....	6,349	1,343	3,543	28,932	35,932	9,068	....	4,207	89,374
Inventory	4,781	....	....	....	....	....	....	....	....	4,781
Fixed assets	....	....	....	....	....	....	....	401,542	....	401,542
Less: accumulated depreciation	....	....	....	....	....	....	....	(106,049)	....	(106,049)
Other assets	18,203	....	....	....	6	....	2,550	....	....	20,759
TOTAL ASSETS	$ 217,827	$ 11,205	$ 23,126	$ 5,751	$ 95,076	$ 35,932	$ 41,179	$ 295,493	$ 4,349	$ 729,938
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable and accrued liabilities	$ 62,629	$ 1,364	$	$	$ 3,503	$ 1,101	$ 1,429	$ 281	$ 197	$ 70,504
Due to other funds	99,304	....	....	....	....	....	....	153	....	99,457
Deferred revenue	25,737	....	....	....	....	....	....	....	....	25,737
Notes payable	....	....	....	....	....	....	....	2,793	....	2,793
Other liabilities	22,510	....	3	....	....	....	....	5,583	4,152	32,248
Capital lease obligations	....	....	....	....	60,954	....	7,325	82,199	....	150,478
TOTAL LIABILITIES	210,180	1,364	3	....	64,457	1,101	8,754	91,009	4,349	381,217
Fund Equity:										
Investment in fixed assets	....	....	....	....	....	....	....	204,484	....	204,484
Fund Balance:										
Reserved for:										
Encumbrances	8,467	....	....	....	7,620	....	....	....	....	16,087
Loans receivable	....	....	23,123	....	....	....	....	....	....	23,123
Endowment and similar funds	7,672	....	....	5,751	....	....	....	....	....	13,423
Restricted fund balance	....	9,841	....	....	4,754	12,938	104	....	....	27,637
Other	12,415	....	....	....	....	....	....	....	....	12,415
Unreserved:										
Undesignated	(20,907)	....	....	....	18,245	21,893	32,321	....	....	51,552
TOTAL FUND EQUITY	7,647	9,841	23,123	5,751	30,619	34,831	32,425	204,484	....	348,721
TOTAL LIABILITIES AND FUND EQUITY	$ 217,827	$ 11,205	$ 23,126	$ 5,751	$ 95,076	$ 35,932	$ 41,179	$ 295,493	$ 4,349	$ 729,938



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The original first two articles in brief were: ARTICLE I – Regulating the number of representatives according to the population of the State. Article II – Senators and Representatives cannot increase their salaries during their present term in office.

The *Tenth* Amendment

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION ALL GOVERNMENTAL FUND TYPES[1]

TABLE 1

For the Last Ten Fiscal Years Ended June 30

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
REVENUES BY SOURCE										
Taxes	$ 7,584,306	$ 7,854,895	$ 9,122,306	$ 9,551,576	$ 9,970,214	$10,652,020	$10,888,272	$11,758,767	$12,052,117	$11,980,586
Licenses and fees	507,829	477,592	504,439	524,927	540,234	564,781	588,526	629,370	661,265	685,196
Intergovernmental	2,739,962	2,895,041	3,071,788	3,490,865	3,745,396	3,751,334	3,873,583	4,248,709	4,358,109	5,165,068
Charges for sales and services	486,248	597,431	343,062	480,759	530,519	486,243	536,175	528,691	503,643	1,015,169
Investment income	139,723	99,689	134,141	203,872	195,202	194,900	193,945	226,190	221,835	158,280
Lottery receipts, net of prizes through 1986[2]	240,727	394,697	540,017	593,115	557,481	1,341,631	1,472,311	1,575,312	1,529,835	1,520,943
Other[3]	124,218	135,678	129,727	122,191	231,346	185,341	153,580	281,251	389,318	411,195
TOTAL REVENUES	$11,823,013	$12,455,023	$13,845,480	$14,967,305	$15,770,392	$17,176,250	$17,706,392	$19,248,290	$19,716,122	$20,936,437
EXPENDITURES BY FUNCTION										
General government[2]	$ 692,970	$ 798,991	$ 906,842	$ 829,609	$ 803,909	$ 1,516,385	$ 1,741,126	$ 1,873,466	$ 1,921,076	$ 1,890,388
Protection of persons and property	499,306	627,369	693,043	778,897	911,957	948,562	1,021,668	1,092,335	1,217,333	1,291,746
Public health and welfare	4,954,202	5,228,634	5,295,688	5,686,873	6,231,705	6,360,862	6,704,892	7,175,239	7,745,019	9,200,299
Public education	3,456,007	3,632,541	3,720,818	4,063,157	4,122,935	4,395,740	4,761,170	5,166,302	5,597,935	5,852,950
Conservation of natural resources	164,196	179,201	179,604	257,112	299,010	305,599	334,833	368,906	373,719	431,006
Economic development and assistance	94,021	113,304	164,791	158,107	187,614	206,355	346,037	349,767	363,950	315,362
Transportation	1,427,393	1,501,886	1,474,704	1,843,703	2,053,335	2,114,625	2,171,964	2,304,822	2,392,365	2,391,785
Capital outlay	173,074	175,401	157,946	345,881	463,671	476,118	274,336	229,753	168,807	298,506
Debt Service:										
Principal retirement	317,397	490,096	386,310	759,471	1,186,619	659,548	482,277	440,152	608,360	526,625
Interest and fiscal charges	350,224	178,987	346,924	358,358	407,066	405,701	408,968	448,482	455,574	452,986
TOTAL EXPENDITURES	$12,128,790	$12,926,410	$13,326,670	$15,081,168	$16,667,821	$17,389,495	$18,247,271	$19,449,224	$20,844,138	$22,651,653

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[1] Includes General, Special Revenue, Debt Service and Capital Projects Funds

[2] Prior to 1987, revenue and expenditures for lottery receipts and general government, respectively, were reported net of retailer commissions and retailer-paid prizes.

[3] Prior to 1989, lease rental principal and interest payments, included as other revenue, were classified as an "Other Financing Source."

NET BONDED DEBT PER CAPITA

TABLE 2

For the Last Ten Fiscal Years

COMMONWEALTH OF PENNSYLVANIA

For The Fiscal Year Ended June 30	Net Bonded Debt (Expressed in Thousands)	Population (Expressed in Thousands)	Debt Per Capita
1981	$4,578,163	11,880	$385
1982	4,450,236	11,885	375
1983	4,487,011	11,896	377
1984	4,483,573	11,892	377
1985	4,535,008	11,866	382
1986	4,529,393	11,897	381
1987	4,558,839	11,943	382
1988	4,698,645	11,998	392
1989	4,705,202	12,040	391
1990	4,633,507	11,882	390

SOURCE: Population Information — U.S. Department of Commerce, Bureau of the Census

RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES

TABLE 3

For the Last Ten Fiscal Years

COMMONWEALTH OF PENNSYLVANIA

For The Fiscal Year Ended June 30	(Expressed in Thousands) Debt Service Requirements Funded by General Fund	(Expressed in Thousands) Budgetary Basis General Fund Expenditures (1)	%
1982	$ 303,713	$ 9,361,800	3.24
1983	301,727	10,038,371	3.00
1984	341,413	10,436,777	3.27
1985	359,200	11,223,622	3.20
1986	350,195	11,781,951	2.97
1987	371,702	12,395,674	3.00
1988	393,907	13,180,073	2.99
1989	381,617	13,949,111	2.74
1990	450,752	15,137,774	2.98
1991	456,325	16,251,111	2.81

(1) Excludes encumbrances included as "Total Expenditures" in the Statement of Revenues, Expenditures and Changes in Unreserved/Undesignated Fund Balances—Budget and Actual (Budgetary Basis).

COMPUTATION OF LEGAL DEBT MARGIN

TABLE 4

As of August 31, 1991

COMMONWEALTH OF PENNSYLVANIA

Average annual tax revenues deposited in the previous five fiscal years	$13,537,589,941
Constitutional factor	x1.75
Constitutional debt limit for debt incurred without the approval of the electors	23,690,782,397
Less outstanding net debt (non electorate approved)	4,053,427,683
Legal debt margin	$19,637,354,714

The formula for the legal debt limit is contained in Article VIII, Section 7(a) of the Pennsylvania Constitution, which provides:

No debt shall be incurred by or on behalf of the Commonwealth except by law and in accordance with the provisions of this section.

(1) Debt may be incurred without limit to suppress insurrection, rehabilitate areas affected by man-made or natural disaster, or to implement unissued authority approved by the electors prior to the adoption of this article.

(2) The Governor, State Treasurer and Auditor General, acting jointly, may (i) issue tax anticipation notes having a maturity within the fiscal year of issue and payable exclusively from revenues received in the same fiscal year, and (ii) incur debt for the purpose of refunding other debt, if such refunding debt matures within the term of the original debt.

(3) Debt may be incurred without limit for purposes specifically itemized in the law authorizing such debt, if the question whether the debt shall be incurred has been submitted to the electors and approved by a majority of those voting on the question.

(4) Debt may be incurred without the approval of the electors for capital projects specifically itemized in a capital budget if such debt will not cause the amount of all net debt outstanding to exceed one and three-quarters times the average of the annual tax revenues deposited in the previous five fiscal years as certified by the Auditor General. For the purposes of this subsection, debt outstanding shall not include debt incurred under clauses (1) and (2)(i), or debt incurred under clause (2)(ii) if the original debt would not be so considered, or debt incurred under subsection (3) unless the General Assembly shall so provide in the law authorizing such debt.

The figures above are abstracted from a certification of the Auditor General dated August 31, 1991.

SCHEDULE OF REVENUE BOND COVERAGE

TABLE 5

For the Last Ten Fiscal Years

COMMONWEALTH OF PENNSYLVANIA

Pennsylvania Turnpike Commission

(Expressed in Thousands)

For the Fiscal Year Ended May 31	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1982	$132,046	$ 67,625	$ 64,421	$ 9,680	$ 4,381	$ 14,061	4.58
1983	131,083	72,985	58,098	7,349	4,120	11,469	5.07
1984	144,815	78,287	66,528	5,352	3,812	9,164	7.26
1985	154,542	82,230	72,312	6,451	3,604	10,055	7.19
1986	162,539	93,648	68,891	4,662	3,381	8,043	8.57
1987	180,692	101,692	79,000	2,299	46,500	48,799	1.62
1988	221,807	100,875	120,932	3,225	56,514	59,739	2.02
1989	245,192	105,619	139,573	4,070	58,789	62,859	2.22
1990	252,373	113,546	138,827	123,940	73,051	196,991	.70
1991	246,985	115,103	131,882	64,135	75,811	139,946	.94

Pennsylvania Industrial Development Authority

(Expressed in Thousands)

For the Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1982	$16,064	$1,009	$15,055	$5,800	$ 4,756	$10,556	1.43
1983	19,058	1,211	17,847	5,655	8,933	14,588	1.22
1984	21,775	1,662	20,113	5,630	9,537	15,167	1.33
1985	24,658	1,783	22,875	6,735	13,167	19,902	1.15
1986	23,320	1,897	21,423	7,910	13,359	21,269	1.01
1987	23,370	1,574	21,796	8,620	12,433	21,053	1.04
1988	25,479	1,765	23,714	8,525	11,257	19,782	1.20
1989	29,477	2,223	27,254	8,505	10,584	19,089	1.43
1990	30,422	1,997	28,425	8,900	9,873	18,773	1.51
1991	28,963	2,055	26,908	8,440	11,015	19,455	1.38

Pennsylvania Housing Finance Agency

(Expressed in Thousands)

For the Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest(a)	Total	
1982	$ 77,773	$18,068	$ 59,705	$ 3,522	$ 42,347	$ 45,869	1.30
1983	109,023	18,793	90,230	3,440	77,010	80,450	1.12
1984	119,389	12,160	107,229	8,293	94,305	102,598	1.05
1985	146,205	10,686	135,519	8,180	119,420	127,600	1.06
1986	168,441	8,438	160,003	13,386	142,332	155,718	1.03
1987	159,034	8,088	150,946	14,987	136,625	151,612	1.00
1988	162,172	8,593	153,579	15,960	138,508	154,468	.99
1989	182,535	8,402	174,133	20,226	148,327	168,553	1.03
1990	199,101	9,133	189,968	21,568	157,104	178,672	1.06
1991	214,580	9,944	204,636	25,173	153,305	178,478	1.15

(a) Excludes interest on notes payable.

ANNUAL ESTIMATES OF THE RESIDENT POPULATION — PENNSYLVANIA COMPARED TO THE UNITED STATES

TABLE 6

For the Last Ten Calendar Years

COMMONWEALTH OF PENNSYLVANIA

	(Expressed in Thousands)		
Calendar Year	United States	Pennsylvania	%
1981	229,637	11,880	5.2
1982	231,996	11,885	5.1
1983	234,284	11,896	5.1
1984	236,477	11,892	5.0
1985	238,736	11,866	5.0
1986	241,107	11,897	4.9
1987	243,427	11,943	4.9
1988	245,785	11,998	4.9
1989	248,239	12,040	4.9
1990	248,710	11,882	4.8

SOURCE: U.S. Department of Commerce, Bureau of the Census

STATE BANKING INSTITUTIONS
DEMAND DEPOSITS AND TIME AND SAVINGS DEPOSITS

TABLE 7

For the Last Ten Calendar Years

COMMONWEALTH OF PENNSYLVANIA

Calendar Year	(Expressed in Thousands) Demand Deposits	Time and Savings Deposits
1981	$6,673,295	$34,871,097
1982	6,489,537	38,144,921
1983	6,606,723	42,982,476
1984	5,263,282	39,356,857
1985	5,728,297	42,322,007
1986	6,632,325	45,351,526
1987	6,443,804	47,556,165
1988	6,558,607	50,347,975
1989	6,481,900	53,565,427
1990	6,453,740	50,542,812

SOURCE: Pennsylvania Department of Banking

RESIDENT EMPLOYMENT, UNEMPLOYMENT AND UNEMPLOYMENT RATE — PENNSYLVANIA COMPARED TO THE UNITED STATES

TABLE 8

For the Last Ten Calendar Years

COMMONWEALTH OF PENNSYLVANIA

(Expressed in Thousands except percent)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
PENNSYLVANIA										
Civilian labor force	5,484	5,489	5,505	5,479	5,527	5,637	5,653	5,764	5,857	5,901
Employment	5,026	4,889	4,855	4,981	5,084	5,251	5,333	5,470	5,592	5,583
Unemployment	458	600	650	498	443	386	320	294	265	318
Rate %	8.4	10.9	11.8	9.1	8.0	6.8	5.7	5.1	4.5	5.4
UNITED STATES										
Civilian labor force	108,670	110,204	111,550	113,544	115,461	117,835	119,865	121,669	123,869	124,788
Employment	100,397	99,526	100,834	105,005	107,150	109,598	112,440	114,968	117,342	117,914
Unemployment	8,273	10,678	10,716	8,539	8,311	8,237	7,425	6,701	6,527	6,874
Rate %	7.6	9.7	9.6	7.5	7.2	7.0	6.2	5.5	5.3	5.5

SOURCE: Pennsylvania Department of Labor and Industry, Bureau of Employment Security

TOTAL PERSONAL INCOME AND PER CAPITA PERSONAL INCOME— PENNSYLVANIA COMPARED TO THE UNITED STATES

TABLE 9

For the Last Ten Calendar Years

COMMONWEALTH OF PENNSYLVANIA

Calendar Year	TOTAL PERSONAL INCOME (Millions of Dollars) United States	Pennsylvania	%	PER CAPITA PERSONAL INCOME (Dollars) United States	Pennsylvania	%
1981	2,514,231	129,113	5.1	10,949	10,868	99.3
1982	2,663,432	135,945	5.1	11,480	11,438	99.6
1983	2,834,385	142,183	5.0	12,098	11,953	98.8
1984	3,101,163	151,386	4.9	13,114	12,730	97.1
1985	3,317,545	160,820	4.9	13,896	13,554	97.5
1986	3,519,364	169,697	4.8	14,597	14,264	97.7
1987	3,766,092	181,319	4.8	15,471	15,182	98.1
1988	4,053,282	194,659	4.8	16,491	16,224	98.4
1989	4,360,919	209,750	4.8	17,567	17,422	99.2
1990	4,647,055	221,850	4.8	18,685	18,672	99.9

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

THIRTY LARGEST NONGOVERNMENTAL EMPLOYERS

TABLE 10

For the Calendar Year 1990

COMMONWEALTH OF PENNSYLVANIA

EMPLOYER	RANK
Pennsylvania State University	1
Sears Roebuck and Company	2
General Electric Company	3
The Bell Telephone Co. of Pennsylvania	4
University of Pittsburgh	5
K Mart Corporation	6
J. C. Penney Co., Inc.	7
Westinghouse Electric Corporation	8
Trustees of the University of Pennsylvania	9
Acme Markets, Inc	10
U.S. Air, Incorporated	11
United Parcel Service, Inc.	12
The Prudential Insurance Co. of America	13
Strawbridge & Clothier	14
Bethlehem Steel Corporation	15
Weis Markets Incorporated	16
Philadelphia Electric Co.	17
USX Corporation	18
Temple University	19
Hershey Foods Corporation	20
Mellon Bank, N.A.	21
Pennsylvania Power & Light Co.	22
Giant Food Stores, Inc.	23
AMP Incorporated	24
Thomas Jefferson University	25
Hills Department Stores, Inc	26
A T & T Technologies, Inc.	27
Giant Eagle, Inc.	28
UNISYS Corporation	29
The Boeing Company	30

SOURCE: Pennsylvania Department of Labor and Industry, Office of Employment Security

LIST OF MAJOR CORPORATIONS THAT MAINTAIN THEIR CORPORATE HEADQUARTERS IN THE COMMONWEALTH

TABLE 11

COMMONWEALTH OF PENNSYLVANIA

AMP Incorporated
Air Products and Chemicals, Inc.
Alco Standard Corporation
Allegheny Ludlum Corporation
Aluminum Company of America
Ametek
Armstrong World Industries, Inc.
Bayer USA Inc.
Bell Atlantic Corporation
Bethlehem Steel Corporation
Betz Laboratories
Carpenter Technology Corporation
Cigna Corporation
Comcast Corporation
Consolidated Natural Gas Co.
Consolidated Rail Corporation
CoreStates Financial Corporation
Crown Cork and Seal Company, Inc.
Cyclops Industries, Inc.
Dauphin Deposit Corporation
DQE Corporation
Equimark Corporation
Exide Corporation
H.J. Heinz Company
Harsco Corporation
Hershey Foods Corporation
Independence Bancorp Inc.
Integra Financial Corporation
Intelligent Electron
Joy Technologies
Kennametal
Lukens Inc.
Mellon Bank Corp.
Meridian Bancorp, Inc.
Meritor Financial Group
National Intergroup, Inc.
National Steel Corporation
P.H. Glatfelter Company
PPG Industries, Inc.
PNC Financial Corporation
Pennsylvania Power & Light Co.
Penn Traffic Co.
Philadelphia Electric Co.
Quaker State Corporation
Rhone—Poulenc Rorer
Rite Aid Corporation
Robertson—Ceco
Rohm and Haas Company
Scott Paper Company
Sunbeam/Oster
Sun Company, Inc.
USX Corporation
Union Pacific Corporation
UNISYS Corporation
U.S. Healthcare
VF Corporation
Weis Markets, Incorporated
Westinghouse Electric Corporation
Westmoreland Coal Co.
York Holdings
Zurn Industries

SOURCE: The *Fortune 500* and the *Forbes 500* listings, published April 1991

MISCELLANEOUS STATISTICS

TABLE 12

JUNE 30, 1991

COMMONWEALTH OF PENNSYLVANIA

Date of Ratification of U.S. Constitution	December 12, 1787
Form of Government	Legislative-Executive-Judicial
Miles of State Highway	40,844
Land Area - in square miles	44,888
State Police Protection:	
Number of Stations	106
Number of State Police	4,282
Higher Education (Universities, Colleges and Community Colleges):	
Number of campuses in state	233
Number of educators	21,966
Number of students	597,531
Recreation:	
Number of State Parks	114
Area of State Parks	277,168 Acres
Area of State Forests	2,084,731 Acres

SOURCE:
Pennsylvania Department of Transportation, Bureau of Strategic Planning
Pennsylvania State Police, Bureau of Research and Development
Pennsylvania Department of Education, Division of Data Services
Pennsylvania Department of Environmental Resources, Bureau of Forestry